

ECONOMIC IMPACT AND FUTURE MANAGEMENT OF L.A./ONTARIO INTERNATIONAL AIRPORT

(112-108)

FIELD HEARING
BEFORE THE
SUBCOMMITTEE ON
AVIATION
OF THE
COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS
SECOND SESSION

SEPTEMBER 27, 2012 (Ontario, California)

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U.S. House of Representatives
Committee on Transportation and Infrastructure

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Washington, DC 20515

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Ranking Member

September 21, 2012

James W. Coon II, Chief of Staff

James H. Zola, Democrat Chief of Staff

TO: Members, Aviation Subcommittee

FROM: Honorable Thomas E. Petri

SUBJECT: Field Hearing on the "Economic Impact and Future Management of Ontario International Airport"
Thursday, September 27, 2012 at 1:30 P.M. in the City of Ontario, City Hall.

PURPOSE

To discuss the economic impact of and future plans for the LA/Ontario International Airport.

HISTORY OF LA/ONTARIO INTERNATIONAL AIRPORT

LA/Ontario International Airport (Ontario Airport) dates back to 1923, when a landing field was established on land leased from the Union Pacific Railroad. In the 1940's, in order to accommodate the war effort, the airport was updated from a dirt field to a modern airfield with concrete runways, an air traffic control tower, and an instrument landing system. In the 1950's, the airport grew in the postwar boom. Three major aircraft plants including Lockheed, Douglas and Northrop had facilities at the airport.

In 1967, the Los Angeles City Department of Airports co-signed a joint powers agreement with the City of Ontario and the airport became part of Los Angeles' regional airport system. In 1985, ownership of Ontario Airport was transferred to the Los Angeles Department of Airports (now called Los Angeles World Airports or "LAWA"). At that time, the City of Los Angeles paid \$58,329.58 to Ontario to settle various obligations remaining from the 1967 Joint Powers Agreement (JPA). LAWA is the current owner and operator of Ontario Airport.

CURRENT OPERATION OF LA/ONTARIO INTERNATIONAL AIRPORT

Ontario Airport (ONT) is a medium-hub, full-service airport with commercial jet service to numerous U.S. cities. The airport is located in the Inland Empire, approximately 35 miles east of downtown Los Angeles. Ontario Airport's service area includes a population of six million people living in San Bernardino and Riverside Counties and portions of north Orange County and east Los Angeles County.¹ In 2011, 4.5 million passengers used the airport and 419,523 tons of air freight were shipped through the airport.² The airport currently has 61 daily departures to 14 nonstop destinations in the U.S. and Mexico. Passenger airlines servicing ONT are AeroMexico, Alaska, American, Delta, Southwest, United/United Express, and US Airways.³

Ontario Airport is the center of a developing freight movement system that includes the airport, two railroads, four major freeways, and an expanding network of freight forwarders.⁴ The airport is also less than 50 miles from Los Angeles and Long Beach Harbors.⁵ Ontario Airport is served by several U.S. air freight carriers, including FedEx and UPS.⁶

According to a 1992 study, Ontario Airport has an annual economic impact of \$5.4 billion.⁷ Of this, \$413 million is generated by aviation activity on or near the airport, \$1.5 billion is generated off-airport by expenditures related to the use of aviation services, and \$3.5 billion is generated by money that is re-spent and circulated through the local economy. According to LAWA, the airport authority that currently operates Ontario Airport, more than 7,690 jobs are directly attributable to and located on the airport. An additional 55,000 jobs, spread throughout the region, are indirectly attributable to the airport.

A review of FAA data for Ontario Airport indicates that over the last decade passenger enplanements and cargo landed weights have declined. As is reflected in the tables on the next page, the largest drop in passenger enplanements was between 2007 and 2011—a 34 percent drop. Between 2008 and 2011 enplanements dropped 24 percent and between 2006 and 2011 passenger enplanements decreased 33 percent. The Federal Aviation Administration forecasts Ontario Airport will reach 6 million total passengers (enplanements and deplanements) by 2030.

¹ Los Angeles World Airport Website, http://www.lawa.org/welcome_ont.aspx?id=88

² *Id.*

³ *Id.*

⁴ Los Angeles World Airport Website, http://www.lawa.org/welcome_ont.aspx?id=88

⁵ *Id.*

⁶ *Id.*

⁷ The Economic Impact of Ontario International Airport: Final Report, Wilbur Smith and Associates, published by City of Los Angeles Department of Airports, 1992.

Ontario International Airport Passenger Enplanements:⁸

Calendar Year:	Passenger Enplanements:
2000	3,197,795
2001	3,168,975
2002	3,092,677
2003	3,089,025
2004	3,291,726
2005	3,158,935
2006	3,404,361
2007	3,473,272
2008	2,998,110
2009	2,416,872
2010	2,380,881
2011	2,271,458

Ontario International Airport Cargo Landed Weight (lbs):⁹

Calendar Year:	Cargo Landed Weight (lbs):
2000	2,439,691,772
2001	2,582,804,587
2002	2,887,626,050
2003	2,675,116,110
2004	2,651,706,962
2005	2,687,742,160
2006	2,801,537,034
2007	2,788,665,658
2008	2,699,776,864
2009	2,336,057,158
2010	2,241,182,912
2011	2,313,849,963

FUTURE OPERATION OF LA/ONTARIO INTERNATIONAL AIRPORT

Currently, there is an effort underway to transfer ownership of Ontario Airport from the City of Los Angeles to a new airport authority made up of representatives of the City of Ontario, the County of San Bernardino, and other stakeholders. According to proponents of this effort, Los Angeles obtained Ontario Airport through a transfer of

⁸ FAA's Passenger Boarding (Enplanement) and All-Cargo Data for U.S. Airports, 07/03/2012, http://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/passenger/index.cfm?year=all.

⁹ Id.

governance that provided for allocation of particular costs, but did not involve any payment tied to the actual value of the airport itself.¹⁰

On August 28, 2012, the San Bernardino County Board of Supervisors unanimously approved the creation of a new airport authority. This followed Ontario City Council approval of a new airport authority on August 22, 2012. The OIAA currently is comprised of the following members:

- City of Ontario Council Member Alan D. Wapner
- City of Ontario Council Member Jim W. Bowman
- County of San Bernardino Fourth District Supervisor Gary Ovitt
- City of Riverside Mayor Ronald O. Loveridge
- Orange County Business Council President and CEO Lucy Dunn

Currently, the new joint powers authority has no control over Ontario Airport, but the city has submitted a proposal to Los Angeles for local control of the airport. Specifically, in April 2011, the City of Ontario presented Los Angeles with a financial offer of \$250 million to transfer control of the airport. The April 2011 offer includes an upfront payment of \$50 million for complete dissolution of the 1967 Joint Powers Agreement; the opportunity to fund eligible Los Angeles International Airport (LAX) projects with up to \$125 million of future passenger facility charge (PFC) collections at Ontario Airport; the assumption of \$75 million in Ontario Airport debt and grant obligations; the indemnification of any and all liabilities; and job protection for current Ontario Airport employees. Los Angeles is considering the offer and negotiations between Ontario and Los Angeles are ongoing.

FEDERAL AVIATION ADMINISTRATION REVIEW OF AIRPORT TRANSFERS

Transfers of airport authority and ownership are local decisions to be decided at the local level. The role of the Federal Aviation Administration (FAA) is to make a determination on the eligibility of the new airport sponsor. The FAA will conduct a review to determine whether the new airport sponsor is legally, financially, and otherwise able to assume and carry out the certifications, representations, warranties, assurances, covenants and other obligations required of sponsors, which are contained in the Airport Improvement Program (AIP) project application and grant agreements forms. The new sponsor must also demonstrate to the FAA that they have the authority to act as a sponsor, and must submit an opinion by its attorney addressing the sponsor's legal authority to act as a sponsor and carry out its responsibilities under the grant agreement.¹¹

¹⁰ Set Ontario Free, <http://setontariofree.com/faq>

¹¹ FAA Order 5100.38A

*Grant Assurances to be reviewed by FAA for compliance by the new airport owner:*¹²

- The airport owner will give assurance satisfactory to the Secretary that good title to the property will be acquired (Assurance 4. Good Title).
- The review is intended to ensure that the new airport owner does not surrender by contract its capability to sufficiently control the airport in order to carry out its commitments to the Federal government. FAA is looking to identify any terms and conditions of the arrangement, which could prevent the realization of the full benefits for which the airport was constructed, or which could develop into a restriction on the sponsor's ability to meet its Federal obligations (Assurance 5. Preserving Rights and Powers).
- Any lease or agreement granting the right to serve the public on the premise of an airport so obligated should be subordinate to the authority of the owner to establish sufficient control over the operation to guarantee that patrons will be treated fairly (Assurance 5. Preserving Rights and Powers).
- The owner is obligated to the Federal Government to ensure that the facilities of the airport are made available to the public on fair and reasonable terms without unjust discrimination. (Assurance 22. Economic Non-Discrimination).
- The previous airport owner has not granted an exclusive right for the use of the airport (Assurance 23. Exclusive Rights).
- The review looks to ensure that the airport owner maintains a fee and rental structure for facilities and services that will make the airport as self-sustaining as possible, in accordance with 49 U.S.C. Section 47107 (Assurance 24. Fee and Rental Structure).
- Disposition of airport revenue conforms to Federal policy (Assurance 25. Airport Revenue).¹³

*Documents new airport owner is required to submit to FAA for review and approval:*¹⁴

- A copy of the public agency's enabling legislation or act that gives it the authority to operate and own the airport.
- If operation and management of airport is to be conducted by another party, a copy of the executed or draft Operation and Management Agreement.
- Proof of Good Title, including a copy of executed deed and tract information.
- If a new sponsor has purchased the airport from a previous FAA Sponsor, an executed copy of the Assumption agreement, including a list of transferred grants.
- A copy of the applicant's attorney's legal certification that the applicant meets the legal requirements to carry out the certifications, representations, warranties, assurances, covenants and other obligations required of sponsors which are contained in the AIP project applicant and grant agreement forms.
- The applicant's audited financial statements for the most recent fiscal year.

¹² FAA White Paper to Aviation Subcommittee, September 2012.

¹³ Use of Airport Revenue Policy 64 F.R. 7696, February 16, 1999.

¹⁴ *Id.*

- Copies of the Exhibit A map, the Airport Layout Plan, and a Land Inventory map identifying grant acquired land.
- Proof of the approval of other government agencies if applicable. As a general rule, the name of the approving agency and date of approval is sufficient.
- Copy of the Part 139 Application for Certificate, amendments to Airport Certification Manual/Airport Certification Specifications if applicable.
- A copy of the compatible land use plan, including zoning laws and the airport's powers to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft.
- A copy of the new sponsor's Airport Management and Organization Plan.
- As necessary, any documentation required pursuant to the *National Environmental Policy Act of 1970* (NEPA) and applicable NEPA regulations.

WITNESSES

Panel I

Honorable Alan D. Wapner
Member, Ontario City Council and Member of OIAA Board

Honorable Gary Ovitt
County Supervisor, San Bernardino County and Member of OIAA Board

Mr. Miguel Santana
City Administrative Officer, City of Los Angeles

Panel II

Honorable Ronald O. Loveridge
Mayor, City of Riverside and Member of OIAA Board

Honorable Dennis Zine
Member, Los Angeles City Council

Ms. Lucy Dunn
President and Chief Executive Officer
Orange County Business Council and Member of OIAA Board

Mr. John Husing
Vice President, Economics & Politics, Inc.

ECONOMIC IMPACT AND FUTURE MANAGEMENT OF L.A./ONTARIO INTERNATIONAL AIRPORT

THURSDAY, SEPTEMBER 27, 2012

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AVIATION,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 1:32 p.m., in city of Ontario City Hall, 303 East B Street, Ontario, California, Hon. Thomas Petri (Chairman of the subcommittee) presiding.

Present: Representatives Petri and Miller.

Also Present: Representatives Baca and Calvert.

Mr. PETRI. I'd like to begin this Aviation Subcommittee field hearing by thanking the city of Ontario Mayor Leon, Representatives Gary Miller and Joe Baca, and we will soon be joined by Ken Calvert, the airport board members, city and county officials, concerned citizens in attendance for your hospitality and for your appreciation today. We would also like to recognize the hard work of Jacob Green and his team in helping to make the arrangements for this hearing today. It is very much appreciated.

Today the Subcommittee on Aviation will hear testimony on the economic impact of and future plans for the L.A./Ontario International Airport. The goal of this oversight hearing is to learn about the economic impact of the airport, including its role as a job creator and its place in the national aviation system.

We will also hear testimony about future plans for this medium-hub commercial airport.

I want to emphasize that the presence of the House Aviation Subcommittee here today should not be interpreted as a sign that Congress plans to inject itself into future discussions related to the management of the airport. This is a matter that must be decided by local and regional policymakers, many of whom are, in fact, in attendance here this afternoon.

I look forward to hearing from the witnesses, and thank you for your participation.

Before I recognize Mr. Miller for his opening statement, I would ask unanimous consent that Members not on the committee be permitted to sit with the committee at today's hearing, offer testimony and ask questions.

Without objection, so ordered.

I would also ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have pro-

vided answers to any questions that may be submitted to them in writing, and I ask unanimous consent that the record remain open for 15 days for additional comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

Now I would really like to recognize a hard-working Member of Congress and a colleague who invited us to come and to learn more about the situation, Representative Gary Miller.

Mr. MILLER. It is coming on. All right. There are no lights. I am assuming you can hear me.

Mr. PETRI. The acoustics are so good, you can't even tell it is not on.

Mr. MILLER. It is really good to be here today. I first represented Ontario Airport from 1998 to 2002, and you had Mayor Gary Ovitt as a supervisor here. It is good to see you again.

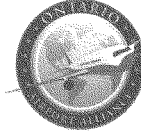
I want to thank the city for their hospitality, for inviting us here today.

I would like to mention my colleagues from California, Joe Baca, who represents the area. We worked hard for years on issues that benefit the region. And a good friend of mine, Ken Calvert, who is on his way from his office right now, and he should be here shortly.

But we need to discuss the issues of the airport. There is also a request from the Ontario Airport Alliance. I would like to admit their statement into the record.

Mr. PETRI. No objection.

[The information follows:]



COMMENT – ONTARIO AIRPORT ALLIANCE

The Ontario Airport Alliance represents businesses and cities throughout the Inland Empire and San Gabriel Valley in support of local control of ONT. We have been severely impacted by the sustained declines in passenger traffic and the number of airlines flying in and out of Ontario. In simplest terms, a vibrant ONT is the single most important economic driver in our region. Without it, the Inland Empire, in particular, has no chance of a full recovery.

The impact of that is staggering – not just here, but throughout Southern California, throughout the state, indeed throughout the country. The Inland Empire is home to 4.3 people, bigger than half the states in the U.S. Add in another 1.5 million people in the San Gabriel Valley, and ONT's prime market is larger than the entire states of Missouri, Maryland, Wisconsin, Minnesota and Colorado. And yet, even as we continue to grow – an additional 1.8 million people in the Inland Empire alone in the next 25 years – we're still reeling from a recession that cost San Bernardino and Riverside counties close to 150,000 jobs and decimated our housing market.

A weakened Ontario International Airport hampers our ability to attract and retain business, to export our products and services, and to create jobs suitable and sustainable for a population of our size. That hurts everyone – and again, not just here. When the Inland Empire struggles, Los Angeles County loses out, Orange County loses out, the California economy loses out.

It's for these reasons that businesses and government are here today, united in our support of local control. We understand what's at stake. We live it and breathe it every day. We also understand that we need to back up our words with action, and to that end pledge our assistance to the Ontario International Airport Authority. We are prepared, as an alliance, to help attract airlines back to ONT, to assist in the marketing of the airport, and to ensure that this most treasured of local assets achieves its full potential.

The Ontario Airport Alliance appreciates this subcommittee's willingness to listen to our community. ONT is a big part of who we are, and we urge you to support us in returning control of our airport to the people best equipped to operate it.

Steve PonTell

A handwritten signature in black ink, appearing to read "Steve PonTell".

President, Ontario Airport Alliance

Mr. MILLER. I would like to thank the subcommittee chairman, Mr. Petri. He flew across the United States to get here today. He has been a good friend and colleague for 14 years on the committee, and he believes in transportation. Last time we had a hearing here was Chairman Jimmy Duncan, who is still a subcommittee chairman, who hosted the last one.

We need to discuss the need for local control. We have looked at what has happened to Ontario in recent years. There are no fingers being pointed at LAWA in any fashion, but the benefit of this airport is tremendous.

It is situated in one of the most fastest growing regions in the U.S., serving over 6 million people from San Bernardino, Riverside County, and portions of Orange County and L.A. County. The explosive population growth demands that planning and investment in our aviation and surface transportation infrastructure be coordinated on all levels in order to ensure that movement of goods and people can continue in the future.

With most southern California airports close and at full capacity, Ontario is the most promising solution to southern California's future aviation needs because it has the ability to accommodate a large increase in air services, where the other airports have very limited capacity today.

I had the honor, like I said, of representing this when it was the 41st Congressional District. It is changing to a new one today. I went to the 42nd, and now I am in the 31st. But at that point, Mayor Ovitt, we worked on major issues. We talked about the need for UPS having the benefit of having the China route, which they did. We got that implemented. We had many infrastructure needs around the airport that we worked together, the mayor and the city council and myself, to accommodate those things. We did a good job.

We need to look to the future. August 2000, as I said, we had the other subcommittee hearing here, and it was very good. The hearing today is the only other time members of the Southern California Transportation Committee have been in this area to discuss a need for this airport.

For the 1980s and 1990s, airline deregulation produced greater competition and lower fares, which led to a steady increase in passenger traffic. However, by the end of 2011, Ontario was down 32 percent fewer passengers, and 2000 was a dismal record in comparison to the Los Angeles Airport.

In 2000 to 2001, the number of Ontario passengers was close to that of John Wayne. Today, passenger traffic at Ontario is slightly more than half of John Wayne. Furthermore, Burbank Airport, which handles far fewer passengers than Ontario in 2000, is now about the same size as Ontario. These comparisons showing Ontario's decline while other southern California airports remain healthy is a clear sign that something must be done differently in the future.

I applaud the efforts of our local elected officials in the community and business leaders to help bring Ontario to local control and make Ontario one of the most competitive passenger, cargo and business airports in the United States.

As negotiations continue between the new authority and LAWA, there has been a sense of urgency as a precipitous decline in the service in Ontario from 2007 has meant the loss of nearly \$500 million to the Inland Empire regional economy, and the loss of more than 9,250 jobs. The transfer of the airport sponsorship to the new authority is required if we are to achieve true airline regionalization. Ontario is an economic engine to the region.

Earlier this week I met with Gina Marie Lindsey, who is executive director of LAWA. We had a very positive meeting, and I believe the conclusion of that meeting was that we needed to do something for the benefit of the region and for the benefit of this airport. We share a mutual goal that Ontario needs to be capable to provide great economic benefits, and that provision needs to happen as soon as possible.

I again would like to thank Chairman Petri. He came a long way. He understands the importance of this airport. We discussed it.

Congressman Baca and I have had numerous discussions on this issue. I believe this is an area that we can dissuade many that believe bipartisanship is not truly available and does not truly happen, because it does. We both realize that there is a tremendous need, and if we cooperate and work together, we can accomplish many good things.

And it is good to see my good friend, Kenny Calvert, here, and I yield back the balance of my time.

Mr. PETRI. Thank you.

Representative Baca.

Mr. BACA. Well, thank you very much. Good afternoon to all of you for coming. Mayor and city council, thank you for allowing us to use your facility this afternoon on a very important topic as we begin to discuss the Ontario International Airport and its importance to the southern California region. And I state the southern California region, so it is not just about the Inland Empire, but it is about the southern California region.

And I want to thank the subcommittee chairman, Tom Petri, for traveling to Ontario to hold this critical hearing. In fact, I happened to talk to him this morning and he indicated that he flew from Wisconsin to Phoenix, and then Phoenix on to Ontario. So that tells us that Ontario is important for this region and to maintain the airport out here. So thank you very much for flying Southwest, although I am not advertising Southwest. But that is how he flew into this area.

I also want to thank the Chair for giving me an opportunity to participate in this Transportation panel.

I also want to thank members of the Transportation Infrastructure Committee for being a strong advocate. One of the strongest advocates in the area has been Gary Miller, Representative Gary Miller, who not only represented this city, along with me and others, has worked diligently to improve the quality of life in the Inland Empire, and he knows the importance of what this airport means to this region. I think together in a bipartisan effort, along with many other Members, we can collaborate and work and hopefully we can solve the issue that is pending before us in a very positive way.

One of my other colleagues who is here, I would like to recognize him as well, and that is Ken Calvert who is with us, who is also very much concerned with Ontario International and what it means to our region, and what it means to Riverside and the surrounding area. So thank you very much, Ken Calvert, for being here this morning.

The history of Ontario Airport dates all the way back to 1923, when a landing field was established on the lands leased from Union Pacific Railroad. Since then, Ontario Airport has been a benefit to the communities and residents of California and the Inland Empire.

It also provides good paying jobs for the area residents, increases economic development, and improves the overall quality in our area. In fact, the airport has been called "the jewel of the Inland Empire."

Unfortunately, the last 7 years have been difficult for Ontario Airport. Since 2007, only one other airport in the Nation, Cincinnati, has suffered a greater percentage of decline in the number of passengers. This decline in air traffic has cost our region in terms of lost jobs, tax revenue, and economic development.

What I firmly believe is that this problem is one that can be fixed. I say that can be fixed with the work and looking forward and thinking and bold actions that we all need to take. As we convene this hearing today, officials from Ontario and Los Angeles are in the process of ironing out an agreement to return Ontario Airport to local control. This is a positive step in what has been a long and often difficult process.

While I have introduced legislation in the House of Representatives to have the Federal Government mandate the transfer of the airport, it is encouraging that the issues can hopefully be resolved at the local level.

I want to commend all of the parties involved for this progress that has been made so far. Alan Wapner, thank you for your leadership. Jim Bowman, thank you as well in what you have done in bringing this to our attention, and hopefully we will work forward.

But there is still much that needs to be done and discussed to determine the path ahead of Ontario Airport. It is imperative that we work together to ensure the brightest future possible for the airport so that we can help put more Inland residents back to work.

So today we will listen, we will learn from excellent panels of witnesses. I hope this hearing will build our collaborative effort in strengthening Ontario Airport and create new jobs, tax revenue, economic development for the Inland Empire, and improving the quality of life for all of us living around this region. Ultimately, we must all work together to maintain a positive environment, and that is what Gary Miller and others are trying to do in trying to make sure that Ontario is back at the local control.

Once again, I thank the participant Members and the witnesses for their time. I yield back the balance of my time.

Mr. PETRI. Thank you.
Representative Calvert.

Mr. CALVERT. Well, thank you, Chairman Petri, for coming out here to California and doing this hearing. I will have a full statement that I would like to introduce for the record.

But I just have a few short comments.

I want to thank my friend, Gary Miller, who invited me here today, and Joe and all of us from the Inland Empire, because we know this is not just an airport for San Bernardino County or for East Los Angeles but for this entire region, including Riverside County. This is an airport that we utilize on many occasions. I just flew out here the other day to go to San Francisco, and this is our regional airport.

So it has been somewhat disheartening to all of us to see what has happened to this wonderful facility, and we would love to work forward with the city of Los Angeles to move this airport along.

I know that Jerry Lewis couldn't be here today. He is still in Washington, DC. He feels very strongly about this, as we all do. We want to make sure that this airport does well, and I think the city of Ontario certainly has the interest and will do a great job of making this a premiere facility for this entire region.

So not only does it help Ontario, but those of us who fly out of LAX a lot, it will help LAX because you can only jam so much into that box, and we are in that box, the three of us, every single week. The parking is tough. The traffic is tough. We need to kind of share the wealth a little bit and get some flights out of here, Ontario, and I think it will work great for the region.

So thanks for having this hearing, and I appreciate being here with you.

Mr. PETRI. Thank you.

Our first panel of witnesses consists of the Honorable Alan D. Wapner, who is a member of the Ontario City Council; and the Honorable Gary Ovitt, Fourth District Supervisor, San Bernardino County; and Mr. Miguel Santana, City Administrative Officer, city of Los Angeles. Gentlemen, thank you for being here today. Thank you for the effort that went into your prepared statements, which will be made part of the record of this hearing. I would invite you to summarize those statements in about 5 minutes, beginning with Alan Wapner.

TESTIMONY OF THE HONORABLE ALAN D. WAPNER, MEMBER, ONTARIO CITY COUNCIL, AND BOARD MEMBER OF ONTARIO INTERNATIONAL AIRPORT AUTHORITY (OIAA); THE HONORABLE GARY OVITT, FOURTH DISTRICT SUPERVISOR, SAN BERNARDINO COUNTY, AND BOARD MEMBER OF OIAA; AND MIGUEL SANTANA, CITY ADMINISTRATIVE OFFICER, CITY OF LOS ANGELES

Mr. WAPNER. Thank you, Mr. Chair, Congressman Miller, Congressman Baca, and Congressman Calvert. On behalf of the city of Ontario and the newly formed Ontario International Airport Authority, welcome to Ontario. My name is Alan D. Wapner. I am a city council member for the city of Ontario and a board member for the new Ontario International Airport Authority. Thank you for holding this field hearing on this matter of critical importance to the Inland Empire and all of southern California.

As a result of the declining conditions at Ontario International Airport and the region's concerns about the airport's ability to sustain commercial air traffic in the future, the Ontario City Council took action last month and formed the Ontario International Airport Authority. This new Authority was formed through a Joint Powers Agreement between the city of Ontario and the county of San Bernardino.

Over the past 2 years, a compelling case has been made for why the city of Los Angeles should relinquish control of Ontario International Airport. As I wrote in an op-ed in the Los Angeles Times, there are many reasons for Ontario to be placed under local control and governed by a multi-jurisdictional airport authority.

One, it allows Los Angeles World Airport, LAWA, to focus its energy and time on LAX for the benefit of the region's economy as a whole.

Two, it promotes regionalization by returning Ontario International Airport to local control, which is conducive to the development of robust regional airports.

And three, it ensures all of southern California, including Los Angeles, will have sufficient and affordable airport capacity. Without adequate capacity, airlines will be forced to land elsewhere.

This transfer will also protect the significant financial investment made into the Ontario Airport by the Federal Government and the city of Ontario. Hundreds of millions of dollars to enhance Ontario Airport ground access and associated infrastructure have been accomplished through our fiduciary partnership. These multi-million-dollar projects include grade separations, street widenings, interchange upgrades, radio system enhancements, landscaping, land use planning studies, water treatment systems, and noise mitigation programs.

The inability of the Ontario Airport to support commercial air traffic will not only undermine the region's air traffic strategy but will inevitably undermine Federal, State, and local-funded infrastructure investments designed to support Ontario Airport into the foreseeable future.

To prevent this disaster, just last week Los Angeles City Administrative Officer Miguel Santana released his report on options for future management and control of ONT. We embrace his recommendation that the CAO facilitate negotiations between LAWA, the city of Ontario, the county of San Bernardino, the Ontario International Airport Authority and other primary stakeholders to determine the most effective and appropriate ownership and management alternative for the airport.

All of southern California, including Los Angeles, will be better served by the transfer of Ontario Airport to the Ontario International Airport Authority. It is our intent that negotiations with the city of Los Angeles result in a transfer that is a win for all parties and is structured in accordance with FAA policies. By transferring sponsorship of Ontario International Airport from LAWA to the Ontario International Airport Authority, the airport will have a sponsor that has a vested interest in its success and is accountable for providing long-term airport capacity for the benefit of the entire region, including the city of Los Angeles.

I would like to take this opportunity to express my appreciation to the Los Angeles City Council members Dennis Zine, Bill Rosendahl and Paul Koretz for their motion of March 20th, 2012. Their motion resulted in the Los Angeles City Administrative Officer's report which has given all parties the direction and clarity to move ahead with the airport's transfer.

I know I speak for the entire board of the Ontario International Airport Authority when I say we are fully committed to restoring Ontario International Airport as the region's most important economic engine capable of meeting the long-term demand for air travel in southern California. Thank you.

Mr. PETRI. Thank you.

Supervisor Ovitt.

Mr. OVITT. Good afternoon and thank you, Chairman Petri and Representatives Miller, Calvert and Baca, for this very important day in Ontario. Welcome to Ontario, San Bernardino County and the Inland Empire. My name is Gary Ovitt. I am the Fourth District Supervisor for the county of San Bernardino, board member of the Ontario International Airport Authority, and a former mayor of this great city of Ontario.

The Ontario International Airport Authority was created in August of 2012 by a Joint Powers Agreement between the city of Ontario and the county of San Bernardino. Its purpose is to oversee the orderly transfer of the airport from the city of Los Angeles and provide the governance for the ongoing operations of the airport.

Under terms of the Joint Powers Agreement, I joined Ontario City Council members Alan D. Wapner, to my left, and Jim W. Bowman of the Ontario International Airport Authority on board as my district includes the cities of Ontario, Chino, Chino Hills, Montclair, and the southern portion of Upland.

We are very fortunate that the city of Riverside's mayor, Ronald O. Loveridge, and president and CEO of Orange County Business Council, Lucy Dunn, have agreed to join the Authority as board members representing the entire region.

Under the 2005 stipulated settlement agreement signed by Mayor Antonio Villaraigosa, a champion of airport regionalization, growth of passenger and air cargo activity is a requirement. The historic settlement agreement cleared the way for billions of dollars in construction projects now underway at LAX. The city of Los Angeles can show its commitment to airport regionalization and encourage the growth of Ontario International Airport by transferring Ontario International Airport to those who have a vested interest in its success.

Local control has proven to be more conducive to developing robust regional airports than trying to manage them from a city many miles away in a different county.

Ontario International Airport is of great importance to all of southern California. It deserves to be managed by a multi-jurisdictional agency responsive and accountable to the entire region. I believe the Ontario International Airport Authority will help the airport rebound from the neglect of recent years while positioning itself for long-term growth consistent with the regional transportation plan of the Southern California Association of Governments,

otherwise known as SCAG, the largest metropolitan planning organization in the country.

Ontario International Airport does not serve the Inland Empire alone. Its catchment area encompasses some 6 million people living in a 25-mile radius of the airport. Thousands of air travelers bypass Ontario International Airport each day to get the flight schedules and fares they seek from surrounding regional airports, increasing the traffic congestion and automotive emissions.

From my previous roles as president of the Southern California Association of Governments and a former county representative on the South Coast Air Quality Management District, I can attest to the need of a successful regional airport to benefit the overall transportation needs of the region.

One of the earliest proponents of a change in control of Ontario International Airport came from the SCAG regional council comprised of 84 elected officials representing 189 cities, six counties, and six county transportation commissions. SCAG concluded that transferring Ontario International Airport to local control is in the best interest of the city of Los Angeles and the southern California region.

In a resolution unanimously adopted on September the 2nd, 2010, SCAG said the change of airport sponsorship will enable the city of Los Angeles to focus its attention on modernizing LAX and restoring passenger traffic to pre-September 11 levels, essential steps to enable LAX to achieve its full potential as the city of Los Angeles primary economic engine. By transferring control of Ontario International Airport to the Ontario International Airport Authority, SCAG noted that Ontario International Airport will operate using the same proven structure as all other secondary airports in the region. Each of these airports operates as low-cost secondary sites under the control of an agency that takes responsibility and is accountable for its performance.

The San Bernardino County Board of Supervisors most certainly agree with SCAG's findings. That is why we passed a resolution that Ontario International Airport needs to be managed by a regional airport authority. As a critical piece of our economy, the entire region has come together in support of the transfer of Ontario International Airport to the Ontario International Airport Authority. We greatly appreciate the interest, concern, and support of this committee. Thank you very much.

Mr. PETRI. Thank you.

Mr. Santana.

Mr. SANTANA. Good afternoon. On behalf of the mayor and the City Council of Los Angeles, I would like to thank you for this opportunity to address your committee. As a 23-year resident of the Inland Empire, I would like to personally thank you for the focus on revitalizing L.A./Ontario Airport in this important region.

The CAO's role in this process is to analyze and provide recommendations to the city council and the mayor. As a CAO, I have 16 bosses. I report to the mayor and each one of the 15 city council members. But I do not run the airports. The CAO does not manage, nor does LAWA. That is run independently by a separate board of the commissioners appointed by the airport. Any proposed transi-

tion would need to be approved by the Board of Airport Commissioners and affirmed by the city council.

My office was instructed by the L.A. City Council to evaluate the city of Ontario's proposal and to help identify and analyze the other potential options for future ownership, operation and management of the airport. To assist in the review, my office contracted with Acacia Financial Group, along with other consultants, to help analyze potential options. It is our goal to facilitate and continue the dialogue with Ontario and its partners in discussing a long-term strategy for the airport.

Indeed, our report was released on September 21st and outlined a number of options. Over the last few years, LAWA has taken numerous steps to create operational efficiencies at the airport and reduce operating costs in an effort to increase passenger traffic and promote new air service. However, despite these efforts, even though LAWA has made progress in improving operations and curtailing costs, an acquisition and transfer of the airport back to the city of Ontario or the Ontario International Airport Authority has considerable merit.

To that end, the city of Ontario proposed in their December 14th, 2011, letter to LAWA that the operations and fee title to the airport be transferred from the city of Los Angeles to the city of Ontario. The primary terms of that transfer include the following: paying to the city of Los Angeles general fund a \$50 million transaction payment unrelated to the airport's valuation to defray the city's cost of transferring the airport back to Ontario; assuming or retiring approximately \$71 million in existing bond debt and any other Ontario-related financial obligations, including indemnification of any and all liability pertaining to those obligations; paying LAWA in years when the cost per enplaned passenger to airlines operating in Ontario is \$5 or less, up to one-third of annual Ontario PFC collections up to the cumulative amount equal to the amount of LAX PFC collections contributed to capital projects at Ontario, estimated at about \$125 million; entering into an employee protection and transition services agreement to protect existing LAWA employees; refraining from imposing any operating restrictions, caps, curfews, aircraft type bans, and any other barriers to future growth of the airport; and maintaining all current operating covenants for the airport, as well as terminating or revising the original 1967 JPA.

The \$50 million transaction payment to the city of Los Angeles general fund is meant by Ontario to be a reimbursement of the cost for transferring the airport. However, based on my conversations with the FAA, such a payment appears to be viewed by the FAA as a potential revenue diversion under Federal aviation law. Our city attorney has also looked at this matter and has concluded the same.

However, as a result, this particular option is not an option that we are recommending, but we do recommend that the city engage in very aggressive discussions with the city of Ontario, the county of San Bernardino, and the Authority on an option that allows us to proceed forward on an effective transfer, and I will describe what that potential partnership could look like.

In our report, we enumerate a number of different alternatives. The alternative that we are recommending is the acquisition of Ontario International Airport by the city of Ontario or the Ontario International Airport Authority, or by a separate party. Acquisition of a commercial airport by any other municipal agency is allowable under FAA regulations providing that the FAA approval is obtained and proceeds go to LAWA, not the city general fund, as airport revenues used to benefit the city's airport system.

This alternative would provide for the new owner to, one, obtain an FAA operating certificate; two, compensate LAWA financially for the value of the airport, as well as the cost of the transition to the new owner; three, to freeze all outstanding airport debt and assume existing financial obligations; four, execute an employee protection agreement for a minimum period; five, agree to refrain from imposing operating restrictions, caps, curfews, bans on aircraft types; six, dispose of any fund balances held by the airport; seven, assume responsibility for outstanding grant assurances; and eight, assume responsibility for the airline use and lease agreement.

Based on this proposal, we are recommending a path forward. As I stated on September 21st, my office did release a report that outlined a process to begin these negotiations. We are recommending that the city of Los Angeles and LAWA explore potential acquisition by the city of Ontario and the Ontario International Airport Authority, subject to FAA approvals. We also recommend that the city direct my office to facilitate a discussion and negotiations with all of the various parties, as well as other stakeholders, to discuss common goals in an effort to increase economic activity across the region.

All participants could potentially achieve these goals and objectives by establishing a transaction with the city of Ontario or the Authority and providing certain financial and operational benefits to LAWA to enhance a much needed capital infrastructure at LAX. This, in fact, could be a win-win both for the city of Los Angeles, LAWA and, of course, the Inland Empire.

Earlier this week, the city council's Trade, Commercial and Tourism Committee endorsed my recommendation, and it will be moving forward for the full city council within the next several days. Upon approval of that final recommendation by the full city council, we are recommending that the LAWA commission immediately meet and establish a set of guidelines to allow the negotiations to move forward. Those guidelines could include the following: to the greatest extent possible, avoid or mitigate any disruption of service at the airport; the airport must continue to be operated as a commercial airport; the airport shall be operated in the most efficient manner possible; the city and LAWA should receive reasonable compensation in respect of the investment that LAWA has made to the airport; all existing employees shall be treated fairly and in accordance with existing labor contracts; and the city's existing and future general fund base must always be protected.

It is in the interests of both the mayor and the city council to move as quickly as possible on these negotiations. My office has been directed to report back in 90 days on the status of this potential partnership.

I am also joined by Jess Romo, who is the Ontario Airport manager, who many of you may know, and as well by Ray Serrano from my office. Thank you very much.

Mr. PETRI. Thank you. Thank you all.

I do have a few questions, and I suspect other members of the panel may as well.

The first one I would direct to Mr. Wapner, and that is why is it that you believe transferring control of the airport to a new authority would be a win for all involved?

Mr. WAPNER. Well, certainly we have an aviation system in southern California that depends on various airports reaching capacity to serve the aviation needs of southern California. Without Ontario Airport growing to its proposed capacity of 31 million annual passengers a year, the entire region will be shorthanded in trying to meet the aviation needs of the economic climate of southern California.

In essence, what would then happen, according to the airline industry, is if they can't meet the aviation needs here, they will move the entire economic segment of aviation to another region, potentially Nevada or Arizona. So it's very important. As we know, the FAA system is built upon the principle that we need primary airports such as LAX, but we also need reliever airports to help relieve the primary airport of general aviation, as well as some of the more short-haul flights.

So really, to create a system in southern California, you need all the airports really operating at their full capacity.

Mr. PETRI. Mr. Ovitt, what do you hope to achieve for Ontario Airport as a member of the new Airport Authority should ownership be transferred to the new airport board?

Mr. OVITT. Thank you, Mr. Chairman. I believe that this will put in charge of the airport those who have a vested interest in it, and it will be a multi-jurisdictional airport authority made up of representatives from really pretty much the entire catchment basin that would be utilizing the airport.

With all of that stated, then best practices would really kind of demand that we have representation from all of them, and we would respond and be accountable to the airport vetters.

So Ontario is a tremendous economic generator for this region, and we would look forward to that helping to straighten out our economy, which has been lagging far behind these last few years.

Mr. PETRI. I have a couple of questions also for you, Mr. Santana. You recently were quoted as saying that a change in airport ownership could potentially benefit all interested parties. Could you expand on that or explain what you meant by that, or how that would be possible?

Mr. SANTANA. The reason why we recommended moving forward with these negotiations is that LAWA certainly has a number of pressing needs at LAX, and this potential partnership could result in revenue to help LAWA meet those needs.

For the Inland Empire, obviously this has been a priority for many, many years, and the idea is, as articulated by the other panelists, is that through local control the airport could play a larger role in the revitalization of the regional economy. And like every-

thing else, when there is that much importance placed on an asset, then the opportunities of maximizing that asset also occur.

So from our perspective, this provides us an opportunity to both allow the city of Los Angeles to receive revenue to enhance and improve the overall capital needs of an airport that is an essential part of the regional economy while at the same time strengthening Ontario Airport by allowing those individuals who play a leadership role within this region to manage it.

Mr. PETRI. Thank you.

Representative Miller.

Mr. MILLER. Thank you very much, Mr. Chairman.

Councilman Wapner, what do you think the top priority would be for the airport once Ontario International Airport is transferred and you assume control?

Mr. WAPNER. Thank you, Congressman Miller. Obviously, the top priority is to lower the cost of business for the airlines so that we can incentivize airlines to come back here and launch more flights. What has pushed the airlines away is the high cost of doing business at Ontario. In fact, we are the highest cost airport in the United States for an airport our size. And airlines having limited resources, certainly they are going to use those resources in markets that they can do business at a much cheaper rate than they can at Ontario.

Secondly, what we want to do is stop the exodus of flights that are now leaving Ontario and incentivize other airlines to come back to Ontario and increase their flights.

We also want to stress more development on the airport side itself. Since Los Angeles has had control of the airport, we have seen little, if any, development on-site, and obviously the advantage of doing development on the airport site is the more ancillary revenue that you develop, the lower the costs are going to be for the airlines doing business there. So if we can bring more nonaviation revenue such as increased ground leases, parking revenue, concessions, then that will again lower the cost of doing business for the airlines, and it incentivizes them to have more business and more flights here.

And then finally we have to target a new marketing campaign to recapture the flights and the people that have left Ontario already. A lot of folks have already created new riding habits by driving into Los Angeles to catch a flight, or into Burbank or Orange County. So the next thing that is going to be necessary is to have a marketing plan, and we envision all of southern California coming together to help fund this, but a new marketing plan that would bring passengers back to Ontario, tell them that we now have more flights, we now have cheaper flights, we have more airlines, give us another chance, come back to Ontario and we will make you happy.

Mr. MILLER. It looks like the marketing budget was originally \$2 million. It is down to about \$200,000 now, and Mr. Santana mentioned the cost. Looking at your cost per enplaned passenger, you are about \$13.50 per passenger. Burbank is \$2.09. Palm Springs is \$4.07. So you have a huge disadvantage. When the cost goes down, you share some of the profits back. And the other discussion was about the employee compensation must be continued at current lev-

els, and an average employee makes \$115,000, which is 15 percent above anybody else. How would you deal with that?

Mr. WAPNER. Well, you know, obviously those are going to be some obstacles that we are going to have to talk about. When we examined the reason for the high cost of doing business at Ontario, it really came down to three primary factors.

One, LAWA was assessing and is assessing a 15-percent administrative overhead charge on the operating budget at Ontario International Airport. So that is 15 percent we can knock off immediately because, obviously, the city of Ontario is not going to charge the same types of charges to Ontario Airport.

Secondly, there are just too many employees at Ontario International Airport. At one point, they had over 400 employees. If you are an airport, it might necessitate 75 to 100 employees.

And then finally, as you mentioned, Congressman Miller, because of an L.A. City charter provision, all employees, contractors, vendors at an L.A.-owned facility must pay prevailing wages. Now, obviously, we all support prevailing wages, but we support prevailing wages of the Inland Empire cost of living. These prevailing wages are based on the city of Los Angeles cost of living, and all of our congressional delegation understands that businesses locate to the Inland Empire because it is much cheaper for their employees to buy houses out here, and the cost of living is much lower. So it doesn't make sense to be paying employees up to 20 or 25 percent more than what the market will bear just because of an L.A. City charter provision. Obviously, that provision won't apply to the city of Ontario.

Having said that, one of the provisions that Mr. Santana has put forth is that the existing contracts be supported in the transfer. We are not looking to lay off any employees, especially 300 employees. So certainly part of the negotiations is going to have to find some way that these employees can either be absorbed into the LAWA or city of L.A. system, or they will stay here and they will just be replaced through attrition.

Mr. MILLER. Supervisor Ovitt, you mentioned that your vision for the growth and development of Ontario Airport is consistent with SCAG's regional transportation plan. Can you educate us further, the audience and the committee, on the regional transportation plan, how the transfer of the airport complies with that?

Mr. OVITT. Certainly, Congressman Miller. I would be happy to do that. The SCAG—the metropolitan planning organizations are required to actually do a plan for regional transportation every 4 years, and we do one that takes in the entire six-county region, which is Los Angeles County, Ventura County, San Bernardino County, Riverside County, Orange County, and as well Imperial County, which seems interesting as well.

Anyway, we do a regional transportation plan so that we make sure that we are working together to try to develop mobility within the entire region, and it is an investment for a 20-year period, and it is based on growth forecasts and economic trends that project out over that 20-year period. As well, it is interested in the role of transportation in the broader context of economic, environmental, and quality-of-life goals for the future. So when you look at that,

we do the same thing, of course, with not only our ground transportation as well, we do that with our aviation as well.

And so as a result of that, we have forecast that between the years 2012 to 2035, our aviation growth would show that Ontario's baseline medium growth, low growth and high growth scenarios are such that if it were the baseline medium growth for Ontario International Airport, we would have 19.2 million air passengers a year by 2035. But if we went by the scenario for the high growth, it could be, as Councilman Wapner had mentioned, 31.6 million air passengers a year.

So that is the difference between it, and the RTP is obviously very important. In fact, our Federal funding demands that we do an excellent job and make sure that we have the dollars to pay for those projects as well.

Mr. MILLER. My last question is for Mr. Santana. My comments were not meant as an attack on the costs. They were just kind of glaring when I looked at them, and I hope that is discussed during the negotiations.

But if the parties have successful negotiations in the process, how do you see the city of Los Angeles processing and completing the transaction?

Mr. SANTANA. I'm sorry?

Mr. MILLER. If the negotiations are successful, how do you see the process being completed with the city of Los Angeles?

Mr. SANTANA. Well, I think the first step is establishing a common understanding of what we are trying to achieve, and that is why we laid out a series of guiding principles that the city would engage in and immediately seek support from the representatives of the Inland Empire. Once those principles are solidified, then we can begin the work of dealing with each one of those issues.

You talked about the issues of the costs. Obviously, that is going to be a significant amount of discussion. Establishing what the appropriate value is is another. How do we manage the issue of the employees, and I think there are a number of options that could be pursued to allow the transition to still occur while at the same time honoring the contracts that we currently have. And then finally, establishing what that transition could look like. The Authority currently doesn't run an airport, and so there would have to be a transition period for that, and there are a number of different options that could still involve LAWA through a contractual relationship, perhaps, to allow that transition to occur.

This is obviously—the most important thing at this juncture is the fact that I think all sides are interested in getting to a common goal. I know, as someone who has been for many years an observer, and then an active participant in this process, it is refreshing to see that we are finally all on the same page. But the real work really begins now in developing an understanding and a consensus around some very difficult issues. But it starts off with the common interest of getting there.

Mr. MILLER. Thank you. I yield back.

Mr. PETRI. Representative Baca?

Mr. BACA. Thank you, Mr. Chairman.

I have a question for all of the panelists. Whoever would like to tackle the question first, please dive in.

What is the most important message that we, as Members of Congress serving in Washington, DC, can send to the Federal Aviation Administration regarding the ongoing negotiation to return Ontario Airport to local control?

Mr. WAPNER. I will take that, Congressman Baca. Obviously, as Members of the United States Congress, you have a responsibility to safeguard the investment of Federal dollars. And as I stated in my testimony, there have been hundreds of millions of dollars spent from the Federal Government for the expansion and the operation of Ontario International Airport. So it is obviously in the best interest of Congress, as well as the United States Government, to make sure that Ontario remains a successful airport and operates as such.

Secondly, as I stated earlier, the FAA, if you look at their system of aviation throughout the country, depends on all levels of airports, and I think it is consistent with the FAA policies that an airport like Ontario be maintained and also be as successful as possible.

Now, we have talked for a while, and I publicly talk about the fact that if we don't act soon, Ontario Airport closes, and a lot of people say that can't be. But we have to look at this realistically. The existing airport that we have out there can accommodate 12 million annual passengers. We have two terminals which can each accommodate 6 million. We are doing just a little over 4 million passengers.

All of you have flown out of our old airport, right? The levels that we are seeing now for ridership are the same as they were in 1983 out of the old terminal. So essentially, we have seen hundreds of millions of dollars from the Federal and local government gone to waste, sitting over there, because they are not being utilized by folks needing to use the airport.

So it is imperative that FAA understand that funding they have made available through previous programs needs to be safeguarded. We need to show that when folks receive money, that they are going to use that money in the proper manner that it was intended, not to build an airport that nobody uses.

So I think that hopefully the message to the FAA is, once we come to an agreement here at the local level, to expedite the processing and streamline the processing as much as possible to get the licensing done so that we can take transfer.

Mr. BACA. Thank you very much. Stop wasting taxpayer money, yes.

Mr. OVITT. Thank you, Congressman Baca. And I would just add to that that it is a real mobility issue as well. We are talking about goods moving here, which is so vital to the entire country, and we are talking about the ability to get to the different airports as well. Obviously, when we talk about so many people here having to find flights in Los Angeles or go elsewhere, as opposed to being able to utilize this valuable asset that we have based on the lack of flights available here, we are talking about even more of a strangulation of our mobility, our ability to get goods where they need to go, et cetera. So I think it plays a very important role in that.

Once again, FAA obviously is Federal, and we are talking and looking for your help in that regard because you have some control

over it. We would love your help as far as the railroads are concerned as well on goods movement, but that is a whole different issue and we won't bring that up, but you heard me anyway.

Mr. BACA. Thank you.

[Laughter.]

Mr. OVITT. And certainly we would look to your help. You as our representatives have done a lot of good in helping us to bring dollars here for the ground access to our airport, and we would look forward to that in the future.

We will not be able to grow to that 31 million, assuming that it becomes a real viability in the future, unless we have some additional help to find some other means of transportation besides just automobiles dropping people off. We will need high-speed rail or some other means as well. So we would probably look to you in the future. We know you have a few issues of your own economically speaking, but we would love to work with you in that regard as a partnership.

Mr. BACA. Miguel?

Mr. SANTANA. Thank you. I had an opportunity to meet with the assistant administrator of the FAA a few months ago to specifically discuss this issue and to get some clarity around potential diversion issues, which I was able to receive. And in that meeting they made it very clear that they are relatively agnostic on who ultimately runs the airport. However, they are not neutral on issues pertaining to safety, transition, and also accountability.

So I think as we proceed forward in this process and hopefully reach a consensus, an agreement, that the FAA would be clear on what their expectations are as we move forward through that transition. So as the team that is working on this, both from the Inland Empire as well as the city of Los Angeles, has those clear expectations outlined, we can navigate through them efficiently and create a solution that we all want to seek out.

Mr. BACA. OK. Thank you.

I know that we all have several questions, but if I may ask one final question, and then hopefully we will have a second round so that we can complete asking some of the questions.

Mr. Ovitt, Supervisor Ovitt, I understand that the responsibility of managing and eventually making Ontario Airport profitable is going to be a daunting task. However, I know that you and OIAA board are all up to the task. I want to reiterate that myself and other Members of Congress, Congressman Gary Miller representing the Inland Empire, and Ken Calvert and Lewis and others are willing to help in any possible way.

With that in mind, please explain to us what are some of the first actions of OIAA board and planning to do within the first year of operation of the Ontario Airport if the transfer of control from LAWA is successful?

Mr. OVITT. Thank you, Congressman. Certainly I think first of all we will need to look at the entire facility itself, and obviously working with LAWA folks who have been running the facility. So we are going to have to look at that, take a revisit to how it is being run. But certainly marketing will play such an important role, to market it to the local patrons. Obviously, as Councilman Wapner mentioned earlier, to lower the rates for the flights and ob-

viously try to make more flights available as well, so that we can reach other destinations.

So all of those together will be important for us to look at, and certainly we will reach out into our communities, and the communities are quite large. The catchment area, of course, is Orange County and Riverside County, as well as San Bernardino County. So we will look to all of them. But we are going to certainly need some marketing. We are going to certainly need to reorganize the way we do business and try to become more efficient in that regard, and try to renegotiate, if you will, with our employees as well. So we look forward to all of those things.

Mr. BACA. Thank you very much, Mr. Ovitt.

I understand that we won't have an opportunity to ask a second round of questions, so the Chair has permitted me to ask one additional question. So I will ask this of Mr. Santana.

Thank you for your efforts in preparing the feasibility study looking at the issues of local control of Ontario Airport. In your studies on this issue, did you find that Ontario Airport will be able to reduce its overall cost structure if it is returned to local control? Why or why not?

Mr. SANTANA. We did look at cost structure as one of the issues and tried to identify how we could reduce the cost. Some of the issues have already been articulated in terms of the self-imposed regulations that as a city we have on our employees and our contractors at LAX and at Ontario. So one opportunity for a reduction in cost is obviously an evaluation of that, right-sizing the airport, the management of the airport, as well as engaging in contracts in a different way than we currently have.

The other opportunities obviously really depend on how effective the airport is and how effective the region is in improving the local economy. There is a direct correlation with the decline of the economy and the decline of the airport. So as the regional economy improves, then it is anticipated that the potential of the airport also improves.

So part of the analysis identified various scenarios in which that, in fact, could occur.

Mr. BACA. Thank you very much. I don't have any other questions, but I would just like to state that—thank you, Alan Wapner, for your leadership on this endeavor in trying to bring us back to local control.

Mr. PETRI. Representative Calvert.

Mr. CALVERT. Thank you. Thank you, Mr. Chairman.

I think it is very appropriate that the gentleman from Wisconsin is here today to help referee this situation, because I think he knows injustice when he sees it.

[Laughter.]

Mr. CALVERT. And certainly he had that opportunity the other night.

But I don't think it is important that we re-litigate what happened here at Ontario for the last number of years and why Los Angeles was given the opportunity to manage this facility some years ago. What is important is I think that we all recognize that the people here in the Inland Empire have every capability of managing this as a safe, clean, and convenient airport facility, and I

don't think anybody intends anything different than that. It is important because I think obviously it is in the best interest of this region that that occurs.

One of the questions that both Mr. Lewis had sent to me and I was interested also, not in just what—maybe this is also going to be important to Mr. Husing when he comes up for his testimony, but the impact Ontario Airport has not just on the city of Ontario but on the entire Inland region. Obviously, I am from Corona, but I am only a half-hour away from Ontario Airport, and it has just a tremendous impact on my home town. Also, I see the mayor of Riverside here.

In your opinion, Mr. Wapner and Mr. Ovitt, what kind of vibrant impact does Ontario Airport have not just on the economy but what it does to the entire region and the reputation and so forth for our local community?

I will just start with you, Mr. Wapner.

Mr. WAPNER. Well, you know, we have talked about this already. The airport has an enormous impact on all of southern California. Economically, we know that it is in the billions of annual economic impact, responsible for tens of thousands of jobs. In fact, the downfall of the airport most recently has caused over a half-billion-dollar negative economic impact for the entire region and the loss of almost 10,000 jobs in the region as a result.

So when we hear discussions about the downturn in the economy and how when the economy improves, so will the airport, folks have to recognize that part of the downfall in the economy is due to the downfall of the airport, that it is a self-creating episode. So until the airport improves, the economy doesn't improve. It is a Catch-22 there.

Secondly, as Supervisor Ovitt pointed out, we have issues like mobility, and more important than that, environmental impacts, where we are seeing over an additional 1.5 million car trips a year, that folks from the Inland Empire are having to go to Los Angeles to catch an airplane. That is inexcusable. Can any of you come up with a better, cheaper way of eliminating 1.5 million cars in a year than just transferring an airport? I mean, let's be realistic. We are looking at all different kinds of transit and everything else. This is an easy solve.

So it impacts the economy. It impacts the environment. It impacts mobility. It also impacts folks' quality of life. Why should anyone in southern California have to endure a long-term ride to Los Angeles International Airport when they could go to one that is much closer to their home?

I applaud Mayor Villaraigosa. He has been a long-time champion of regionalization of aviation. He has always recognized that it is always better for folks to use an airport closer to their home than the other way.

And the real injustice here—and that is why folks around the Los Angeles International basin support local control of Ontario—is that they are being victimized. They are being victimized because their airport is the only airport not of choice but of necessity in southern California. Unfortunately, we are having to export tens of thousands, if not millions, of folks to that area that could very well be using airports closer to their homes.

So it is really not fair to the folks living around LAX at this point to have to endure all the impacts of aviation when it could be more evenly distributed among other airports.

Mr. OVITT. Congressman, in answer to your question, there is no doubt that one of the issues that we have all been facing, of course, is this economic downturn, this recession that we have been going through, and that has an impact, obviously, on the number of those that are actually flying, especially in our area. We have been probably the hardest hit in the country, or at least very close to that. So that certainly makes a difference.

In fact, as the airlines look at our region, part of the reason they are not willing to expand here is they look at the median household income, and we are not quite where they want us to be, and so that is part of the reason. And yet I would argue that Orange County would love to come here, would rather come here than John Wayne. Certainly Riverside County, very few go to Palm Springs. They would much prefer to come here, or here as opposed to Los Angeles.

And when we have talked about the L.A. Airport, number one, the mobility is really difficult to get there in the first place, especially from here. But secondly, it is clear over on the West Side of Los Angeles. So you have to go all the way through the city as well. It wouldn't be so bad if it were on the eastern end of it. So that is certainly an important issue.

I think one of the things that hurts us here in Ontario is our name, Ontario. I mean, you know, it takes a province in Canada to be as great as the city of Ontario, but that in itself, people don't always know where we are located. How close are we to Los Angeles? And the fact that we are in the market area of L.A. and there is great accessibility to L.A. from where we are as well.

Once again, we are probably the most populated region in the country that doesn't have a pro football team or a basketball team or something of that nature. We are very large. The Los Angeles Basin is huge, so all of our media comes from Los Angeles. So we really don't have an identity of our own, and we need that, and that is something that the airport helps to bring as well. Obviously, we would love to have a media here as well, and that is one thing that we need to work on in that regard.

So I think all of those play a very important part to our region and the fact that if we had that airport, I think it would all contribute towards—I think the figures have been over \$6 billion economic impact to this region, not only in Ontario but in the surrounding area as well. And so I think if we are able to once again generate additional flights and build the air transportation figures, we will do much better.

And the one last thing I would say is that SCAG, as I mentioned before, 84 members, most of which come from Los Angeles County—in fact, the entire City Council for L.A. is on it—overwhelmingly have supported regionalization of airports and aviation and air traffic. So they are on our side. They just need to remember that they voted that way. Thank you.

Mr. CALVERT. Thank you, and I do agree, we do need a professional football team, but we are not going to get in the middle of

downtown L.A. and Ed Roski's deal, and neither are we going to bring in the Green Bay Packers to play Los Angeles.

[Laughter.]

Mr. CALVERT. Thank you, Mr. Chairman.

Mr. PETRI. Thank you.

Gentlemen, thank you all for the effort that went into your testimony and for your taking questions and handling them so ably.

This will conclude the first panel. Now it is my pleasure to—well, you leave, and—

[Laughter.]

Mr. PETRI [continuing]. The second panel joins us. Let me introduce it, and do please come forward.

The second panel consists of the Honorable Ronald O. Loveridge, who is mayor of the city of Riverside and a member of the Ontario International Airport Authority. I understand Ms. Lucy Dunn has had difficulty getting here. She will be represented by Larry Brose, who is the vice president of Investor Relations and Business Development of the Orange County Business Council. They will be joined by Mr. Brian Perry, chief legislative deputy of Councilman Dennis Zine, who is testifying on behalf of Dennis Zine; and Mr. John Husing, vice president, Economics and Politics, Inc.

Again, thank you very much for the effort that went into your prepared statements. They will be made a part of the record of this hearing in their entirety, and I would invite you to summarize those prepared remarks in about 5 minutes, beginning with Mr. Loveridge.

TESTIMONY OF THE HONORABLE RONALD O. LOVERIDGE, MAYOR, CITY OF RIVERSIDE, AND BOARD MEMBER OF OIAA; LUCY DUNN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, ORANGE COUNTY BUSINESS COUNCIL, AND BOARD MEMBER OF OIAA, ACCOMPANIED BY LARRY BROSE, VICE PRESIDENT, INVESTOR RELATIONS AND BUSINESS DEVELOPMENT, ORANGE COUNTY BUSINESS COUNCIL; BRIAN PERRY, CHIEF LEGISLATIVE DEPUTY FOR COUNCILMAN DENNIS P. ZINE, THIRD DISTRICT, LOS ANGELES CITY COUNCIL; AND JOHN HUSING, PH.D., VICE PRESIDENT, ECONOMICS & POLITICS, INC.

Mr. LOVERIDGE. Thank you and good afternoon to Members of the House of Representatives. Let me first just thank you for bringing public attention to the future of the Ontario Airport.

Two very quick stories. Yesterday I was talking to Kurt Markwall from San Francisco, who described arriving in Terminal 2 at 6:00 p.m. and finding all the businesses closed and their gates shuttered. He said it was like walking through a ghost town.

Another quick story. I know you talked a great deal about SCAG. They had a wonderful kind of gathering where we approved an absolutely first-rate regional transportation plan. But they had something like 30 or 40 different venues where people were showing their wares. One of those was from LAX. They had some great exhibits for what was taking place at the Los Angeles Airport. We asked, how about Ontario? There wasn't a pamphlet, there wasn't a mention. I value what is taking place at LAX, but I was haunted

by the fact that this was a regional gathering and there was not a single piece of literature on the Ontario Airport.

I submitted written testimony. Let me make seven points and try to do that quickly.

The first point this is not a tug of war between two cities, Ontario and Los Angeles. It has been emphasized, Ontario is a regional airport. If I could speak specifically for Western Riverside County, Ontario is our airport, and I represent tens of thousands of air travelers, past and prospective.

Second, and this is interesting to me, that in Western Riverside County, the support for local control, I would use the language, is just extraordinary. What is the scorecard? Every city in Western Riverside County, except for one, the Riverside County Board of Supervisors, the Greater Riverside Chamber of Commerce, the Inland Empire Economic Partnership, the Monday Morning Group—you name a group, and it has said yes to local control of the Ontario Airport. I've been now mayor of Riverside, as Ken knows, for some 18 years, and I can't identify any other issue that has greater widespread support than local control for the Ontario Airport.

I should note that some 46 other cities across the counties of L.A., Orange and San Bernardino also joined the call for local control of Ontario Airport.

I also think this is interesting. Those of us in elected life read newspapers and read what the editorials say. It is important to note that the editorial boards of newspapers across southern California strongly endorse support for the transport to local control.

In Press Enterprise, a recent editorial pointed out that local control will eliminate the conflict of interest inherent with the city of L.A. controlling a competing airport in another jurisdiction at a time when LAX is rebuilding its own passenger traffic, renewing its infrastructure.

The fourth point, and I think this was made earlier today, is that support for local control is centered on a reality that the Ontario Airport under control of LAWA is not working. And it is stunning, the point that Alan Wapner made, we are now at 1980 levels, despite, as you will hear from John Husing, big-time growth in population and in jobs in the Inland Empire. One major reason for the decline of passengers, as we have identified, is the high cost of flying out of the Ontario Airport. It costs more.

I like this. This was in Tuesday's paper. The headline story in it was: "Southwest Flying Less From Ontario." In 2007, they had 53 daily flights. Now they have 33. There was a description of why that is, and I like the language of the representative from Southwest. "'Apart from fuel,' Hawkins said, 'the airlines' cost of doing business at any airport also plays a role.' He said, 'It's the most important external consideration,' calling it 'one of the spices in the secret recipe.'" The point is that Ontario is higher; everybody else is much lower.

We talked about the economic loss to this region. John Husing will make that point much more effectively than I can. But everything you read about this whole global marketplace that we compete in, you need an international airport within a reasonable distance, and that is what Ontario Airport provides.

Point number seven. There was an excellent statement, I thought, by Mayor Villaraigosa. He is quoted as saying, "This comprehensive report underscores the irrefutable importance of commercial aviation activity at LAX and indeed throughout the southern California region on our economic well-being. From passenger spending to the enhanced national and international trade, LAX and our region's other airports are uniquely where the action is." My point is that it is time for the action to also include the Ontario Airport. Every other airport in southern California is experiencing an increase in traffic.

My final point, and I would thank very much the Ontario City Council, but after some 18 years as mayor of Riverside, I am stepping down but not exiting public service. One of the things that I look forward to is serving as a board member of the Ontario International Airport Authority. I will dedicate my best efforts to ensuring that Ontario International Airport makes its expected important contribution to the regional economy and to providing millions of southern Californians with a convenient regional airport to meet their travel needs.

Thank you for your attention, and thank you for placing this item, as you can tell by the coverage today, at the attention of all of us in this region and across southern California.

Mr. PETRI. Thank you.

Mr. Brose.

Mr. BROSE. Good afternoon, Chairman Petri and Congressmen. I am Larry Brose, vice president of business development and investor relations for the Orange County Business Council. Lucy Dunn is jetting her way here right now. She is coming in from northern California and unfortunately couldn't get to Ontario, had to come to another airport. So if I may read her testimony, I would appreciate that.

"Good afternoon, members of the subcommittee. My name is Lucy Dunn."

[Laughter.]

Mr. BROSE. "I am president and chief executive officer of the Orange County Business Council and a board member of the Ontario International Airport Authority.

"The Orange County Business Council is a leading advocate for business on important issues locally, regionally, and nationally. We work to grow Orange County's economy, to preserve a high quality of life by promoting economic development countywide, and serve as a unified voice for business in America's sixth largest county.

"To understand why the Orange County——"

Mr. PETRI. Guess what? You have been replaced. She has arrived. You have been relieved.

[Applause.]

Mr. BROSE. I have been upstaged.

Mr. PETRI. Welcome, Ms. Dunn. Glad you could make it.

Mr. BROSE. I will read, you answer questions.

[Laughter.]

Mr. PETRI. Join us at the table. Come on up.

Mr. BROSE. "To understand why the Orange County business community is vitally interested in the future of success of Ontario International Airport, one would only need to drive from anywhere

in Orange County to Los Angeles International Airport. Those of us in Orange County recognize that our hometown airport, John Wayne Airport, is constrained. Until 2015, the number of passengers legally capped at 10.8 million per year. Even if the cap were to be relaxed or lifted, there is an absolute limit to how much of the growth and demand for air service it can accommodate.

"In addition, due to its physical footprint, John Wayne Airport is limited by its single runway for commercial jets.

"For a time, it seemed that El Toro Marine Naval Air Station in Irvine might be converted to an international airport. However, airport proposals were defeated by two ballot initiatives, and eventually the airport opponents prevailed. Ontario International Airport quickly emerged as the best long-term solution for unconstrained airport capacity in southern California to serve the large and growing southern California market.

"If you had the good fortune to fly in and out of Ontario International Airport, you know it is a convenient airport with great ground access, great parking, and modern terminals and facilities. Forbes named it southern California's best alternative airport.

"Ontario International Airport offers parallel runways that can accommodate the largest airliners in the world, including the Airbus A-380. Ontario International Airport can easily accommodate 12 million annual passengers. For residents in northern Orange County, Ontario International Airport is a wonderful choice because it offers the air service and nonstop destinations business travelers demand and is close to home.

"Ontario International Airport is ideally and uniquely situated to serve the needs of business and leisure travelers in the four-county region. Additionally and very important to the business community, Ontario handles a significant amount of the region's cargo volume. I am convinced, under the governance of the Ontario International Airport Authority, it will realize its full potential not only as a major international airport but also as a vital economic engine for the region.

"I am pleased and honored to serve as a board member of the Ontario International Airport Authority, and I look forward to working with my fellow board members to help Ontario International Airport achieve success as an integral part of the southern California network of airports. Thank you."

Mr. PETRI. Mr. Perry.

Mr. PERRY. Chairman Petri, honorable Representatives Calvert, Miller, Baca, my name is Brian Perry, and I am the chief legislative deputy for Councilman Dennis P. Zine. He represents the Third District in the San Fernando Valley portion of Los Angeles. Regrettably, Councilman Zine was unable to attend in person due to a conflict at this very moment with a previous obligation in his district that he was unfortunately unable to avoid or reschedule. Your invitation, he would have been here personally if it had been possible.

Councilman Zine has been honored to serve as a Los Angeles City Councilman, representing the Third District, the San Fernando Valley, for the past 11-plus years. Prior to his service on the Los Angeles City Council, he worked for 33 years as a proud member of the Los Angeles Police Department. He is a lifelong Angelino

and has seen enormous changes not only in Los Angeles but throughout the region over the past several decades.

In addition to his service on the Los Angeles City Council, he has served on the Board of Directors for the Southern California Association of Governments, the San Fernando Valley Council of Governments, the Independent Cities Association, and the National League of Cities, and other local, State and Federal decision and advisory bodies.

As an elected official in the city of Los Angeles, he quickly realized that the decisions made throughout the entire region have a direct impact on the quality of life for residents in the city of Los Angeles. His message to you today is to offer his insight as a member of the city council, and his firsthand experiences and observations of the current situation at Ontario Airport.

The Greater Los Angeles Area is reliant upon a system of commercial airports for travel to and from the region. These airports include Los Angeles International, Burbank, Long Beach, John Wayne Orange County and, of course, Ontario International Airport. In order to provide the best service possible to all the residents of our region and to the traveling public, it is essential that all five of these airports provide quality service, competitive prices, and ample availability of flights to and from the region.

Unfortunately, this has not been the case. Since 2007, the total number of annual passengers at Ontario Airport has declined by 37 percent. This is why he introduced a Council motion in Los Angeles to review the status of Ontario Airport and its relationship to Los Angeles World Airways.

This decline has driven more and more passengers to other airports, most notably Los Angeles International, and led to increased congestion on our roads and an absolute lack of productivity for travelers who sometimes have to drive for hours on southern California freeways just to take a simple flight to northern California. This should not be the case.

Last year, Councilman Zine made an unannounced personal visit to Ontario Airport so he could see things firsthand. What he saw was disappointing. He saw a beautiful, modern airport with a complete terminal closed due to lack of flights. He saw approximately half of all the concession stands closed or out of business. This was shortly after noon on a Tuesday.

During his visit, he also made an unannounced stop at the Los Angeles World Airports executive office at Ontario International Airport to speak with the onsite manager. He was shocked to learn that the onsite manager was not, in fact, onsite, and that there was actually a system of shared management where two individuals served as general managers for both Ontario and Van Nuys Airport on a rotating basis.

Councilman Zine is a strong believer in local control and the consumer benefits of regional competition. Local officials and stakeholders have a greater incentive to promote and operate Ontario Airport with maximum efficiency. As Ontario grows, the local economy grows and traffic is relieved on southern California roads and highways. It is completely counterintuitive that as the population in the Inland Empire region has continued to grow, the service and availability of flights at Ontario Airport has continued to decline.

While private airlines set the rates for their flights and local airports only have a certain amount of influence over these rates and flight schedules, the Councilman looked on the Internet to review the costs of flights from L.A. and Ontario to Sacramento. He found that a traveler from the Inland Empire can travel roundtrip from LAX to Sacramento for \$136 cheaper than he can fly from Ontario on the same day, on the same airline. This naturally creates a tremendous incentive for these passengers to needlessly add to the congestion on our freeways for a 1-hour flight they should be able to take from their own backyard.

Any deal involving the transfer of Ontario Airport back to local control must ensure that the city of Los Angeles and Los Angeles World Airways not be held liable for bond indebtedness related to the airport. If we can come to an agreement that does not harm the city or LAWA and includes fair compensation for the actual value and assets of the airport, then his message to you is simple and straightforward. He joins the Los Angeles Times, the Southern California Association of Governments, community groups throughout the city of Los Angeles, and many others in saying loud and clear that it is time to set Ontario free.

In conclusion, he wants to thank you, Mr. Chairman and the other members. A vibrant Ontario Airport is critical not just for residents of Ontario and the Inland Empire but for the entire region, including the city of Los Angeles. Local control of Ontario Airport made under the right circumstances that do not harm the city of Los Angeles or LAWA is an important first step in reestablishing this airport as an economic engine in the Inland Empire and provides positive benefits to the entire region. Thank you.

Mr. PETRI. Thank you.

Mr. Husing.

Mr. HUSING. Thank you, Members of Congress. It is a pleasure to be here today. My name is Dr. John Husing. I am a private economist. I have been studying the Inland Empire now, this year, for 48 years. I am also the chief economist of the Inland Empire Economic Partnership, an organization dedicated to increasing the prosperity of this region.

I have been taking a look at two things that are in my official statement. One is why the decline in passenger traffic at Ontario; and second of all, what has been the economic impact of it.

First of all, allow me to characterize the two-county Inland Empire area. Currently, it has 4.29 million people. That is 400,000 larger than the State of Oregon. Out of the total of 50 States, 24 of them are smaller in population than these two counties. The area had 1.3 million jobs before we got into the recession. It still has 1.16 million today. It needs a strong airport just for the sheer bulk and size of this region. The economy here is recovering. Year over year, we are up 24,400 jobs this year over last year.

At its current pace this year, Ontario is going to be down 41.2 percent between the peak in 2007 and the 2012 figure. The market as a whole, of which we are a part in southern California, at the same time is down 6.8 percent. So this steep reduction has meant a massive decline in Ontario's share of the market, from 8 percent now down to only 5.4 percent. It had been 8 percent all the way

through from the late 1990s through the middle of the 2000s. Now suddenly, it has slipped to those levels.

It takes us back to the 1985 level of passenger traffic. So in 1985, what is the difference in this area between now and then? The answer is we have added 2.3 million people in the Inland Empire since 1985. That is an increase in population of 120 percent. That is larger than several U.S. States, what we have simply added. We have added 585,000 jobs since then, which is doubling, and that is despite the decline because of the recession. We have added two-thirds more businesses in that time. So you are looking at an airport with double the population, more than double, double the number of jobs, and two-thirds more businesses, yet we are now back to a level of passenger traffic from two or three decades ago.

There is no way that it is our economy's slowdown that caused these kinds of declines. That makes absolutely no logical sense, not with those kinds of numbers in terms of what has happened in this region.

Looking, then, at what it is doing to this area to have that occur, like any other area, we are in a competitive economy where we have to compete for the reasons for companies to come here. What has occurred is a consequence of a loss of traffic or loss of passenger service at Ontario is 1.1 million air passengers from the Inland Empire now are traversing L.A. County to get over to LAX. This creates a costly burden on the families and the businesses in this area, and as has been repeatedly said, adding millions of vehicle miles on L.A.-area freeways. Using a very conservative assumption on what are the ground costs, the parking costs, the time lost to commuting, all together that is a \$48.5 million gift on the competitiveness of the Inland Empire just simply for that fact.

Secondly, Ontario is, as was just stated, now a very expensive airport for airlines to use. Airports don't decide who goes there; airlines do, and they take a very careful look at their costs. As Mayor Loveridge indicated, one of the things that Southwest talks about repeatedly is the fact that it is too expensive to operate from here at the levels they wanted to.

One of the things I took a look at is there is strong data from the Federal Government on every flight destination from an airport. If you take the 38 destinations from Ontario that represent a little over three-quarters of all the passenger trips, what we find is there is an average 18.1 percent higher cost of tickets from Ontario to that entire group of airports. That is costing people who live in this area \$128 million a year for those folks that are still using Ontario, much less those who have to make the trip into L.A.

For businesses, these may not even be the biggest costs. Ontario's major harm to business is the loss of direct flights. You want to get someplace, you want to get there as a businessperson, you want to do it efficiently. The direct flights have practically vanished to all but a very few locations. I took again a look at those same 38 major destinations, looking at direct flights that you can get from LAX versus the few that you can get from here. I did a huge reduction in the number to be conservative. Total time loss was roughly 420,000 hours as a consequence of sitting in airports, changing planes in order to be able to make those flights, another hit of \$17.5 million.

If we add the three things I just talked about together, that is a cost of \$198 million to the Inland Empire economy. However, what didn't I measure? One, you can't get conventions to come here anymore because conventioners can't fly here. So there has been a huge hit on the convention business, on the hotels. We have lost tourists. I didn't even include those in my calculations.

Then there is just to businesses, when there is a reduced flight schedule to get places, you end up going someplace and sitting around for hours to go to a meeting, and then sitting around for hours to get a flight back here. Particularly, I might add, for those of us who go up to Sacramento all the time, the flight leaves, if I recall correctly, at about 10 after 6:00. You end up with a meeting at 10:30. You have several hours in the capital. You can't get a flight back until 1:30. That is time, and time costs money to business folks.

In addition to that, when you have those kinds of costs, as an economist, one of the things you always look at is what is the multiplier effect of that. If you simply say for every dollar lost there is another dollar that is lost elsewhere in the economy, so a very small multiplier of 2, you get to a half-a-billion-dollar hit on the Inland Empire economy for what appears to be no good reason other than the fact that this institution is not playing the role it used to. There is no reason why a change should have occurred, and it really would help this area enormously now that we are effectively—by the way, I am running for Senate because we are going to be the 26th largest State.

[Laughter.]

Mr. HUSING. As a nonpartisan, I might add.

But the fact of the matter is that this market needs an airport to serve it that serves our needs and under our control here. Thank you very much.

[Applause.]

Mr. PETRI. Thank you.

I do have a couple of questions.

First, welcome, Ms. Dunn. I know you had a little struggle getting here, and we appreciate the effort.

Ms. DUNN. It is a personal story that relates perfectly today, Mr. Chairman, because my flight to Ontario was cancelled.

[Laughter.]

Mr. MILLER. And there is no backup flight available.

Ms. DUNN. And there was no backup flight. The only way, sir, to get here was to travel to John Wayne Airport and travel an hour or so. A 1-hour trip took 3 hours, and I apologize for my delay, but a good example.

Mr. PETRI. My question was maybe I'll give you a chance to expand on that a little bit for other people. Why is it that residents and businesses in Orange County care about Ontario Airport?

Ms. DUNN. When you have the southern California economy as a whole, Mr. Chairman, it is driving the California economy. Orange County is a major jobs-creating force, one of the lowest unemployment rates in the State; in fact, even lower, I think, than the national average. It is incredibly important for our businesses and travelers, our shippers, to have a transportation system that is effective and efficient from so many different vantage points.

As you know, business is not constrained by a county or by a city but crosses boundaries all the time. In fact, southern California, both Orange County and the Inland Empire, have strong connections to an international market as well.

In the case of Ontario Airport, you compare it to, for example, our own airport in John Wayne, which everyone in this room knows is my favorite airport in the world. But the reality is even if its right now current cap were expanded, its market could still not handle all of the growth perhaps that this region is slated to occur because it has only one runway, and we need a system that balances off of each other.

When a company like Disneyland just recently invested \$1 billion in their theme park in Anaheim to become literally the largest employer in the Southland, you can't build any more parking structures. You have got to have a transportation system—air, rail, transit—that allows all of those visitors to utilize everything.

And then the last and most important thing I want to share with you, why Ontario is important, no one better than Orange County understands the importance of local control. That airport is locally controlled by five supervisors locally elected. They understand the market. They understand the sensitive balance between travelers and cargo shippers, and they are able to adjust in a remarkable way that has made an airport rather efficient and effective in a tough, tough economy.

But it isn't all things to all people. It has to be a great airport system, and that is why both business and visitors and residents need Ontario to succeed as well.

Mr. PETRI. Thank you.

Mayor Loveridge, I wonder if you could expand on a statement in your prepared remarks that if you were to have local control, it would eliminate any conflict of interest in the management of the airport.

Mr. LOVERIDGE. I think I tried to illustrate that with the story as I began. It is a matter of where you give attention, where you give your focus, what you see yourself responsible for. Ontario Airport is here, but if you look at the five people who run LAWA, the executive director, their focus is on what it should be, on making LAX work.

I did realize I am part of a quorum of the Santa Ana Water Planning Shed, so I need to leave very soon because otherwise the quorum will not be in place. My apologies.

Mr. PETRI. Thank you.

Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman.

I have really enjoyed this panel. I am not impugning the previous panel in any fashion, but we have heard information I don't think many of us have heard generated before.

Mr. Perry, you are a breath of fresh air, Councilman Zine's comments that you were reading, because the three Members of Congress that live in this area know exactly what you are talking about. I remember 3 years ago I took flights out of Ontario that in August I tried to book that weren't available. You go over there and it is like Death Valley. Every time I go to the airport to pick up a relative, who try to come into Ontario if possible, you look in

the distance to even find a plane, and they just don't exist, which is just sad because I remember in my assembly days in the 1990s, Joe Baca and I both went out of Ontario every week and there was never a problem.

The problem that Councilman Calvert and Baca and myself have is we take the first flight out we can to get to Washington to vote, and then we take the first flight home after votes because we don't live in Washington. We live here. And if we go to Los Angeles, we can book four or five different flights. If we miss the one flight to Ontario, which is usually a connection, we can't get back here until the next day. And if we do take the flight out of Ontario in the morning, we can't get there in time to vote because of the connection. If we take it the wrong time of the year, the connection might not have a flight going out of there at all because of weather.

So it has been a process that has occurred over the years that has had a huge negative impact on our region here. If you look at the Federal dollars that have been invested in Ontario Airport, I know when I started representing this city and the county in 1998, the amount of money I brought to the city council when Gary Ovitt was mayor at that point in time, and the existing city council, for infrastructure, for other services that benefit that airport directly, you look back and think we wasted a lot of money based on current dollars.

There might have been earmarks back then, Mr. Calvert. You had to out me, didn't you?

[Laughter.]

Mr. MILLER. But they were good earmarks. Nothing was named after me.

[Laughter.]

Mr. MILLER. It was after Ontario Airport and the city council did the ribbon cutting. I just helped them get the money. But, yes, thank you for outing me.

But, Mr. Perry, why do you believe that the carriers have reduced air service to Ontario, and what would the benefit be to the city of Los Angeles and LAX for successful transfer of Ontario back to the local control?

Mr. PERRY. Well, just from my own experience this morning as I drove from downtown Los Angeles here to Ontario, open freeway, clear lanes, drove pretty efficiently. The same time, the traffic from Ontario to downtown Los Angeles was bumper to bumper, was stopped, and I am hoping it is—

Mr. MILLER. I well understand that.

Mr. PERRY. So the Councilman is a firm believer, in principle, of local control. The benefit to Los Angeles will, of course, be everything that people have talked about—air quality, congestion. But it also will allow the Los Angeles World Airport to focus on making Los Angeles International Airport one of the most competitive and best airports in the world, which should be their focus. Unfortunately, it may be that including focusing on Ontario is detracting from their ability to do that, or at the very least not allowing the focus that needs to be put in to make Ontario the best it can be is lacking as well.

All in all, everyone needs to work together, and local ownership and operation of Ontario would be a benefit to everyone in the southern California region.

Mr. MILLER. Well, Ms. Dunn, you recall back in the 2000s the battle over El Toro?

Ms. DUNN. Yes.

Mr. MILLER. The significant need for an airport in North Orange County. At that point in time, about 2005, we were talking about the privately funded concept of MAGLEV from the convention center in Anaheim to Vegas. But the number-one priority stop for that would have been Ontario Airport, where you could have actually gotten a boarding pass at the convention center at Anaheim. You could have gotten on that train. Eleven minutes later they dropped you off at the gate and you got on a plane.

That concept doesn't seem to even be in the distant horizon any longer because of the underutilization of Ontario at this point in time.

What is your opinion in Ontario's consideration in the long-term solution? If you look at them to the air commuter traffic in our southern California region, what do you see the benefit being placed back in Ontario for the expansion of local control?

Ms. DUNN. Well, Mr. Miller, if I may share, first, there is a glimmer of hope on that first vision that you just presented, where I just participated last week in the groundbreaking of ARTIC, the Anaheim Regional Transportation Intermodal Center.

Mr. MILLER. I'm very well familiar with that.

Ms. DUNN. As you very well know. And that is, as a hub, could be like a new downtown for all of Orange County, where all forms of transportation would go, and it is still the dream that that station transportation would connect with Ontario; again, another reason why Orange County—north, south, east and west—we all need Ontario to succeed.

So the aspect of local control, as you mentioned, critically important. When you are closest to your people, you are best able to serve their needs. With all due respect, 60 miles away is not close to the market of Ontario International Airport, and that is why we really do need to do the right thing here.

Mr. MILLER. They are elected officials from L.A. County that just attended the hearing and just had to leave, and they are feeling the same need as you do.

Mr. Husing, it has been nice reading you in the paper all these years. I never listened to you give speeches. You have done a great job.

A couple of questions. Why do you believe air carriers have reduced their service to Ontario in recent years? And be honest. And do you feel a positive future for Ontario Airport if we do gain local control?

Mr. Husing. I think that the key issue is cost, cost per passenger, what does it cost them to take a passenger out of here versus anyplace else they can use their planes. They are going to maximize the efficiency of their operations and minimize their cost per passenger. With local control, we strongly believe the cost per passenger here would be much more reflective of what you generally find in regional airports. Right now, it is completely out of

line, and that has chased away business that would otherwise be flying in here and flying out of here and taking passengers.

Mr. MILLER. And just for the record, the cost per passenger in Ontario is \$13.50. If you go to a comparable airport in Long Beach, it is \$6.64. If you go to Burbank, it is \$2.09.

Mr. HUSING. Precisely the issue.

Mr. MILLER. Continue. I didn't mean to interrupt you.

Mr. HUSING. No, thank you. Tell you what. I will ask the questions.

[Laughter.]

Mr. MILLER. Do you feel positive about the future of Ontario?

Mr. HUSING. There is no reason for what happened to have occurred. This was a very, very efficiently run, working airport handling 8 percent of passenger traffic in southern California year after year after year until a change in management occurred at LAWA, period, beginning and end of problem.

Mr. MILLER. And, Mr. Perry, for the record, I had a very long meeting and a nice meeting with the director of LAWA on Monday. We talked to the mayor's office last week. We were trying to be very clear that this is not a hearing that is intended to beat up on Los Angeles or LAWA at all. That was never our intent. I hope we don't have to have another hearing later that might be different, but that was not the intent of this one.

Our concern as elected officials, and the Federal dollars and the investment we have made, and the need we see for regional capacity for air traffic, because if you look at our freeways, they are impacted. The only thing nice about the recession, and it is not nice, is that when I get up at 4 in the morning to drive to LAX, I only think I have two bottlenecks instead of 14 going to the airport, which is a sad, sad thing to say for our economy, because when the recession started you could see the impact on our freeways every month decrease, and that is sad.

But when you have seen the same thing occur at an airport that should be a good international airport decrease in a more rapid fashion, that is heartbreaking.

I yield back and thank you, Mr. Chairman.

Mr. PETRI. Representative Baca?

Mr. BACA. Thank you very much, Mr. Chairman.

I know that all of us are very much concerned from a region perspective, and there are some of the mayors here and city council persons that are here. But one of the other mayors that was out here earlier—I don't know if he had to leave or just stepped out for a while—but that is Paul Eaton as well, the mayor from Montclair, that is very much concerned with this region, along with us and the panelists and other speakers.

But let me start with Mr. Husing. One of the important things that you talked about, I am very interested in the population as we look at the population, what it was and how it has grown to 4.9 million people. What is anticipated in terms of the additional growth in the area, and what impact, then, will that have on Ontario Airport? Because this area is affordable. More and more people are moving into the Inland Empire, both San Bernardino and Riverside County and surrounding areas. Yet, with the growth in the population, what impact would it have? And then what kind of

traffic congestion would it provide or give to the L.A. area if, in fact, the growth in the population continues to grow, as we anticipate?

Mr. HUSING. The Southern California Association of Governments does a lot of socio-economic work to back up the regional transportation program. In their forecasts, we add between now and 2035 in this region 1.8 million more people than we currently have. So right at the moment, we are at roughly 4.3 million. Add 1.8 million. You do the math, a huge area. We pass many more States in terms of our size.

To put that in context, the number of people we will add is more than the number anticipated in Orange, San Diego, Imperial and Ventura combined. The reason for that is very simple. We have land, and you need land to build houses. Ergo, this is where the population goes.

A similar forecast is made for jobs, that the job growth out here will be also larger than those four counties combined, and it will be by itself larger in both cases than either the population growth or the job growth of Los Angeles County. That is the future that we are staring at right now.

We need this facility very, very badly, and we need it to really be prepared to handle that kind of a load going forward.

Mr. BACA. And that will have an impact as we look at—if we don't go to local control and expand Ontario Airport, then the traffic congestion will increase, because right now most of us I know—Ken Calvert and I traveled from Corona and me from the San Bernardino area, and then Gary Miller now from Ranch Cucamonga into the other area. We are stuck in traffic going to try to get our flights. With the increase of the population, which means it is going to take us a lot longer to get to LAX to try to get through a flight, not only getting through LAX, but then we have to go through security. By the time we go through security, and then if we find out that our flights have been canceled, we have to run over to another airline, which we have done at some times and have been over at American Airlines, and that is another terminal, and we have the nice terminals that you can go from one to another and still get that flight if, in fact, we had them here. So that presents a problem.

Could you just elaborate a little bit more in terms of the traffic congestion that it would have and the impact? Or, Perry, you could talk about that on the L.A. as well, because traffic congestion impacts the lives of individuals and that quality of life, which means that they are spending a lot more time on the road, which means it impacts them and their families and others where they can come here. And then also when you talked about earlier the population growth, the mayor here, Paul Leon, would like to see the possibility of increasing businesses and attracting businesses. We can't do that if we don't have the kind of an airport that would allow business.

I will give you an example. When I worked for Verizon and GTE, we were looking at the possibility of moving the headquarters right here to Ontario because of the airport, but it ended up going somewhere else, and other businesses are thinking about this. Could you elaborate a little bit more on that?

Mr. HUSING. I think the thing that really disturbs me the most about this entire issue as a southern Californian is the fact that we have been working for years to try and get vehicle miles traveled under control, whether it is SB-375 and trying to get transport-oriented housing, sustainable community sorts of thinking, whether it is getting people to rely more on things like Metrolink, this has been the effort. This is the only case I can think of, of an agency that has not been working to reduce vehicle miles traveled but as a consequence of their actions they are increasing vehicle miles traveled. It is weird.

Mr. BACA. What does that cause? Accidents? Death? I mean, you know, there is a lot that can go on, and we care about the quality of life and the life of an individual that may be put on the road where they wouldn't have to go if it was out here. I mean, we don't think that aspect in terms of a life that may be lost because we didn't do the right thing, and we have an opportunity to do the right thing and save someone's life by not putting them on that freeway in that congestion.

Mr. HUSING. Well, another aspect of this that goes to a point that you are making is this. For us to accommodate the increases in population that we are talking about without massively increasing commuting to the coast, you do want companies to migrate to where the workers have moved. They are moving there because they can afford the housing. You would like the companies to come with them.

When you take an airport, which is a key asset for this region's competitiveness, and you eliminate its ability to allow companies to be competitive, then you reduce the ability for us to draw those firms, nothing to do with air traffic, it just increases the amount of commuting stacking up on those roads because you don't get a balance between jobs and housing, which is something we are all trying to accomplish.

Mr. BACA. Thank you.

Ms. Dunn, along the same lines, could you explain the type of businesses that usually will flourish with the addition of a strong secondary airport in large commercial markets?

Ms. DUNN. Well, clearly tourism, but in addition, especially here, goods movement is hugely important, just starting with UPS. I think Ontario is their second largest market here from Atlanta, and goods movement is huge, of course, for the ports of L.A.-Long Beach.

It is interesting because, as Dr. Husing has said, the dots all connect in so many areas of both land planning and living. Even just we are struggling always in southern California meeting our air quality requirements set by the Feds. But when you have a requirement that we add a million trips a year to go to LAX when we could be just going 2 miles down the street, it is crazy-making how we don't connect these dots in good land planning and good environmental protection. Whether or not you believe in all of the stuff that they talk about on greenhouse gases, the fact is it is just good efficiency and effectiveness, and that is what business is attracted to.

So bringing jobs to the Inland Empire, which has long been a huge mantra for their success, their economic success, they have

been the housing community for Orange County for many years, but this is a great opportunity for growth, and an international airport will attract those jobs and those businesses that marry beautifully with the residential communities.

Mr. BACA. You are absolutely right. I think we have become commuters that are driving either to L.A. or to Orange County or San Diego or somewhere else because we haven't created those kinds of jobs, and this would give us an opportunity to attract and create jobs locally right here, where we can get many of our students who are going through our colleges, our community colleges, that will be able to obtain a job locally and keep them here. I would love to keep my family here instead of having them move somewhere else because they can't get a job here.

But again, thank you very much. I yield back the balance of my time.

Mr. PETRI. Representative Calvert?

Mr. CALVERT. Thank you. Thank you, Mr. Chairman.

I am going to bring up a name that nobody will recognize. My grandfather's name is Pete Hamlin. And the reason I bring him up is my grandfather operated a barbershop on Century Boulevard just a couple of miles from LAX, opened up in the 1920s and operated it for 50 years.

So I have been going around—I am not here to bash L.A. I love L.A. But since I was a little infant, I have seen L.A. grow, and my grandfather would tell me stories. I guess that is where the old chicken farms used to be, down there where the airport was located. They started off with a single runway, and they built that airport up and, of course, there were no freeways. There was no 405, there was no 105, there was no 605, there was no 91, all of which we get to travel on all the time, and we have built those systems up. God knows, my friend Howard Berman asks for more and more money for the 405, and every mile of freeway we develop today isn't running \$10 million a mile, as you know, Mr. Petri. What is the 405 running right now? About \$100 million a mile, or more?

Mr. PETRI. Probably more.

Mr. CALVERT. Probably more. So the L.A. area is severely impacted. I don't think there is anybody that would debate that subject. How far can you develop LAX? How much more air traffic can you bring in? How many more airplanes can you take into L.A. and have it as a reasonable alternative to other locations?

I think that is part of the thing. It is not just what we want to do here for Ontario. It is what we need to do for L.A. I get to serve on the Appropriations Committee on defense appropriations, work with the L.A. airbase, and I can't tell you, I hear from people who work there, the horror stories they tell me about traffic and the cost of housing and so forth and so on.

For a region, we need to develop Ontario Airport to meet its obligation to southern California, because I think we are losing business around Los Angeles because of the impacts of development around the airport. There isn't any land left, and the only way you can go is vertical and around the airport. That is not such a great idea.

So I bring that up in the sense not to go after Los Angeles. I guess we can debate what happened to the management a few years ago at Los Angeles, and as was pointed out, we are not here to bash Los Angeles. I think they recognize they want to move in a different direction now, and I hope that is the case because it is not just good for Ontario, it is good for L.A. I think that point has been made.

This economy in this region has probably been more impacted for a number of reasons, probably the construction industry—I am sure John could get into that—but more than probably any region in the United States as far as raw number of jobs. But that wasn't the reason why the traffic flows went down. I think everybody kind of knows that, and like I said earlier, we are not going to re-litigate it. But I hope we can move to an agreement, and I congratulate the mayor of L.A. and the members of the City Council of Los Angeles for recognizing that truth, that we need to get this back to Ontario to compete on a level playing ground and to get this region growing again.

With that, Mr. Chairman, unless Lucy or anybody wants to say anything—I know you all very well.

Mr. PERRY. I would like to just interject that the co-author—

Mr. CALVERT. You didn't know my granddad.

Mr. PERRY. Pardon?

Mr. CALVERT. You didn't know my granddad.

Mr. PERRY. I did not. The co-author of the motion introduced by Mr. Zine is Mr. Bill Rosendahl, who represents the area surrounding LAX, particularly Westchester, Playa del Ray, and all of the areas along the coast that border LAX. So his interest is, as everyone has been discussing here, benefitting Los Angeles. This whole process can be and, I believe, will be mutually beneficial for everyone involved.

Mr. PETRI. Great. John, do you want to say anything else about the housing industry? Are we coming back, by the way?

Mr. HUSING. We finally are starting to see very tiny increases in price.

Mr. PETRI. In other words, we bottomed out. We bottomed out.

Mr. HUSING. We bottomed out.

Mr. PETRI. We are on the way back. Lucy pointed out, Orange County is always on top.

Ms. DUNN. But we need everyone around us to succeed as well. We can't be an island.

I just wanted to thank you very much, Mr. Chairman and committee members, for coming here, highlighting this issue. It is so important, and I am really very, very thrilled that you are here today.

Mr. PETRI. Thank you.

Mr. HUSING. If I might just add a personal comment also is you might have detected a little hostility in my thinking on this. I can't tell you how pleased I am to see L.A. coming to the table with Ontario to try to put this to bed. This is incredibly important, and I am glad that is beginning to happen now.

Mr. MILLER. Would the gentleman yield for a second?

Mr. PETRI. Yes.

Mr. MILLER. I would like to again state that I want to thank the director of LAWA. We had a very positive meeting, and the sentiment was very positive moving forward. With the concurrence of the mayor's office last week, we had the same type of conversation, and they are anxious to do it the proper way. But I thank you for your statement because I think you are trying to do the right thing. Thank you very much.

Mr. BACA. If you can yield to me before the chairman closes?

Mr. MILLER. I would be happy to yield.

Mr. BACA. Thank you very much. I just basically want to thank the chairman for coming and having this hearing, and I want to thank Congressman Gary Miller for taking the lead and bringing us all together, and Ken Calvert and myself for being here and hearing the witnesses and the testimony. I think it enlightened us. It opened our ears and our eyes in terms of how we can all collaborate and work together and make a positive thing that would help our region and our area.

So again, thank you very much, Mr. Chair, for taking the time, for being here. Hopefully you have a pleasant flight flying back either tonight or tomorrow, and you make every kind of connection, because it is important for you to be back with your family as well. And again, thank you very much, Congressman Miller, for having this hearing here today.

Mr. PETRI. I am flying out of Ontario, and I am hoping it is not canceled. I am sure it won't be.

[Laughter.]

Ms. DUNN. I will be happy to drive you to John Wayne.

[Laughter.]

Mr. PETRI. I would like to join in thanking the panel for your testimony, thanking my colleagues for participating, particularly Representative Miller for inviting our committee to come to Ontario and to learn more about this very important problem.

Mr. MILLER. Thank you, Mr. Chairman.

Mr. PETRI. And hopefully being a catalyst in getting it favorably resolved, and the city of Ontario for their hospitality and helping with all of these arrangements.

With that, this hearing is adjourned.

[Whereupon, at 3:34 p.m., the subcommittee was adjourned.]

Rep. Calvert's Statement
9/27/12

I want to start by thanking Chairman Petri (PEE-try) for calling today's hearing and my House colleagues and today's witnesses for taking time out their schedules to come together to discuss a very important issue to this region.

Ontario Airport has been an important piece of southern California's air transportation infrastructure since nearly the dawn of the aviation industry. As the Inland Empire has grown, the importance of Ontario Airport to this region's economy has only increased. Today the airport supports over 7,600 direct jobs and is an economic engine supporting over 55,000 indirect jobs throughout the Inland Empire

However, in recent years, Ontario Airport's status as a medium sized full-service regional airport has begun to slip and many have begun to fear that under current conditions Ontario Airport is failing to meet its full potential. Estimates show that from 2007 to the end of 2012 Ontario Airport is on pace to record a 41.2% reduction in passenger travel over the period. This reduction in enplanements has correlated strongly with higher than average fares at Ontario Airport and a reduction in air service at the airport. As a result of these factors fewer travelers are landing in Ontario and spending their tourism dollars around the Inland Empire and more residents of our region are forced to take to our already congested roads and travel great distances to access affordable air service. For a region that would be our nation's 26th largest state, this simply should not be.

I, like many in this room, believe that Ontario Airport should be returned to local control. Local control will provide airport management and oversight that is ideally suited to address our region's specific challenges, capitalize on our strengths and return Ontario Airport to its status one of the nation's premier regional airports.

I am heartened by the progress the region has made in forming the Ontario International Airport Authority and I support the ongoing talks between the City of Ontario and the City of Los Angeles as they work to find a path toward transferring title and governance of Ontario Airport to the new authority and back to local control. I look forward to today's testimony and to working with Chairman Petri, my colleagues in Southern California's Congressional delegation and regional stakeholders to rejuvenate Ontario Airport.

Testimony before the

SUBCOMMITTEE ON AVIATION
OF THE U.S. HOUSE COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

Regarding
“Economic Impact and Future Management of Ontario International Airport”
September 27, 2012

Alan D. Wapner
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Testimony of Alan D. Wapner, City Council Member, City of Ontario
and Board Member, Ontario International Airport Authority
Before the Subcommittee on Aviation
Of the U.S. House Committee on Transportation and Infrastructure
Regarding
“Economic Impact and Future Management of Ontario International Airport”
at Ontario, California
September 27, 2012

Members of the Subcommittee, on behalf of the City of Ontario and the newly formed Ontario International Airport Authority, welcome to Ontario. My name is Alan D. Wapner. I am a City Council Member for the City of Ontario and a Board Member of the new Ontario International Airport Authority. Thank you for holding this field hearing on this matter of critical importance to the Inland Empire and all of Southern California.

As a result of the declining conditions at Ontario International Airport and the region’s concerns about the airport’s ability to sustain commercial air traffic in the future, the Ontario City Council took action last month and formed the Ontario International Airport Authority. This new authority was formed through a Joint Powers Agreement between the City of Ontario and the County of San Bernardino.

Over the past two years, a compelling case has been made for why the City of Los Angeles should relinquish control of Ontario International Airport.

As I wrote in an Op-Ed in the Los Angeles Times, there are many reasons for Ontario to be placed under local control as governed by a multi-jurisdictional airport authority:

1. It allows Los Angeles World Airports, LAWA, to focus its energy and time on LAX for the benefit of the region’s economy as a whole.
2. It promotes regionalization by returning Ontario International Airport to local control, which is conducive to the development of robust regional airports.
3. It ensures all of Southern California, including Los Angeles, will have sufficient and affordable airport capacity. Without adequate capacity, airlines will be forced to land elsewhere.

This transfer will also protect the significant financial investment made into the Ontario Airport by the Federal government and the City of Ontario. Hundreds of millions of dollars to enhance Ontario Airport ground access and associated infrastructure have been accomplished through our fiduciary partnership. These multi-million dollar projects include grade separations, street widenings, interchange upgrades, radio system enhancements, landscaping, land use planning studies, water treatment systems, and noise mitigation programs. Inability of the Ontario Airport to support commercial air traffic will not only undermine the region’s air traffic strategy,

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but will inevitably undermine federal, state and locally funded infrastructure investments designed to support Ontario Airport into the foreseeable future.

To prevent this disaster, just last week, Los Angeles City Administrative Officer Miguel Santana released his report on options for future management and control of ONT. We embrace his recommendation that the CAO facilitate negotiations between LAWA, the City of Ontario, the County of San Bernardino, the Ontario International Airport Authority, and other primary stakeholders to determine the most effective and appropriate ownership and management alternative for the airport. All of Southern California, including Los Angeles, will be better served by the transfer of Ontario Airport to the Ontario International Airport Authority.

It is our intent that negotiations with the City of Los Angeles result in a transfer that is a win for all parties and is structured in accordance with FAA policies. By transferring sponsorship of Ontario International Airport from LAWA to the Ontario International Airport Authority, the airport will have a sponsor that has a vested interest in its success and is accountable for providing long-term airport capacity for the benefit of the entire region, including the City of Los Angeles.

I would like to take this opportunity to express my appreciation to Los Angeles City Council Members Dennis Zine, Bill Rosendahl and Paul Koretz for their Motion of March 20, 2012. Their motion resulted in the Los Angeles City Administrative Officer's report which has given all parties the direction and clarity to move ahead with the airport's transfer. I know I speak for the entire Board of the Ontario International Airport Authority when I say we are fully committed to restoring Ontario International Airport as the region's most important economic engine capable of meeting the long-term demand for air travel in Southern California.

Thank you.

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Testimony before the

**SUBCOMMITTEE ON AVIATION
OF THE U.S. HOUSE COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE**

Regarding

“Economic Impact and Future Management of Ontario International Airport”

September 27, 2012

Gary Ovitt

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Testimony of Gary Ovitt, Fourth District Supervisor, County of San Bernardino
and Board Member, Ontario International Airport Authority
Before the Subcommittee on Aviation
Of the U.S. House Committee on Transportation and Infrastructure
Regarding
“Economic Impact and Future Management of Ontario International Airport”
at Ontario, California
September 27, 2012

Good afternoon, Members of the Subcommittee, and welcome to Ontario, San Bernardino County and the Inland Empire. My name is Gary Ovitt. I am the Fourth District Supervisor for the County of San Bernardino, Board Member of the Ontario International Airport Authority and a former Mayor of the City of Ontario.

The Ontario International Airport Authority was created in August of 2012 by a Joint Powers Agreement between the City of Ontario and the County of San Bernardino. Its purpose is to oversee the orderly transfer of the airport from the City of Los Angeles, and provide the governance for the on-going operations of the airport.

Under terms of the Joint Powers Agreement, I joined Ontario City Council Members Alan D. Wapner and Jim W. Bowman on the Ontario International Airport Authority Board as my district includes the cities of Ontario, Chino, Chino Hills, Montclair and a portion of Upland. We are very fortunate that City of Riverside Mayor Ronald O. Loveridge and President and CEO of the Orange County Business Council Lucy Dunn, have agreed to join the Authority as Board Members representing the region.

Under the 2005 Stipulated Settlement Agreement signed by Mayor Antonio Villaraigosa, a champion of airport regionalization, growth of passenger and air cargo activity is a requirement. That historic Settlement Agreement cleared the way for the billions of dollars in construction projects now underway at LAX.

The City of Los Angeles can show its commitment to airport regionalization and encourage the growth of Ontario International Airport by transferring Ontario International Airport to those who have a vested interest in its success. Local control has proven to be more conducive to developing robust regional airports than trying to manage them from a city many miles away in a different county.

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Ontario International Airport is of great importance to all of Southern California. It deserves to be managed by a multi-jurisdictional agency responsive and accountable to the entire region. I believe the Ontario International Airport Authority will help the airport rebound from the neglect of recent years while positioning itself for long-term growth consistent with the Regional Transportation Plan of the Southern California Association of Governments, otherwise known as SCAG.

Ontario International Airport does not serve the Inland Empire alone; its catchment area encompasses some six (6) million people living in a 25-mile radius of the airport. Thousands of air travelers bypass Ontario International Airport each day to get the flight schedules and fares they seek from surrounding regional airports, increasing the traffic congestion and automotive emissions. From my previous roles as President of the Southern California Association of Governments, and a former County representative on the South Coast Air Quality Management District, I can attest to the need of a successful regional airport to benefit the overall transportation needs of the region.

One of the earliest proponents of a change in control of Ontario International Airport came from the SCAG Regional Council. Comprised of 84 elected officials representing 189 cities, six counties and six County Transportation Commissions, SCAG concluded that transferring Ontario International Airport to local control is in the best interest of the City of Los Angeles and the Southern California region.

In a resolution unanimously adopted on September 2, 2010, SCAG said the change of airport sponsorship will enable the City of Los Angeles to focus its attention on modernizing LAX and restoring passenger traffic to pre- September eleven levels – essential steps to enable LAX achieve its full potential as the City of Los Angeles' primary economic engine. By transferring control of Ontario International Airport to the Ontario International Airport Authority, SCAG noted that Ontario International Airport will operate using the same proven structure as all other secondary airports in the region. Each of these airports operates as low-cost secondary sites under the control of an agency that takes responsibility and is accountable for its performance.

The San Bernardino County Board of Supervisors most certainly agrees with SCAG's findings. That is why we passed a resolution that Ontario International Airport needs to be managed by a regional airport authority. As a critical piece of our economy, the entire region has come together in support of the transfer of Ontario International Airport to the Ontario International Airport Authority.

We greatly appreciate the interest, concern and support of this committee.

Thank you.

**United States House of Representatives
Committee on Transportation and Infrastructure
Subcommittee of Aviation**

Written Testimony of Los Angeles City Administrative Officer Miguel Santana

September 27, 2012

Good afternoon and thank you members of the Subcommittee for the opportunity to address your committee. The focus on revitalizing LA/Ontario International Airport (Airport) is an important issue in the region.

The CAO's role in this process is to analyze and provide recommendations to the City Council and the Mayor. The CAO does not manage nor does Los Angeles World Airports (LAWA) report to the CAO. LAWA reports to a separate Board of Commissioners that are appointed by the Mayor. Any proposed transaction would need approval by the Board of Airport Commissioners and affirmed by the Los Angeles City Council.

My office was instructed by the Los Angeles City Council to evaluate the City of Ontario's proposal and help identify and analyze the other potential options for future ownership, operation, and management of the Airport. To assist in the review, my office contracted with Acacia Financial Group, along with other consultants to help analyze the potential options. It is our goal to facilitate and continue the dialogue with Ontario and its partners in discussing a long term strategy for the Airport.

City of Ontario Proposal for Transitioning Airport to Local Control

Over the last few years, LAWA has taken numerous steps to create operational efficiencies at the Airport and reduce operating costs in an effort to increase passenger traffic and promote new air service. These steps include reducing staffing levels by 41 percent from 2007 to 2012, consolidating shuttle bus and parking operations, retaining a new marketing manager and reducing operating costs.

However, even though LAWA has made progress in improving operations and curtailing costs, an acquisition and transfer of the Airport back to the City of Ontario and/or the Ontario International Airport Authority has considerable merit.

To that end, the City of Ontario proposed in their December 14, 2011 letter to the LAWA, that the operations and fee title to the Airport be transferred from the City of Los Angeles to the City of Ontario. The primary terms of the transfer include:

- Paying to the City of Los Angeles' General Fund a \$50 million Transaction Payment, unrelated to the Airport's valuation to defray the City's costs of transferring the Airport back to Ontario

Subcommittee on Aviation
Testimony of Miguel Santana

- Assuming, or retiring, approximately \$71 million in existing bond debt and any other LA/ONT-related financial obligations, including indemnification of any and all liability pertaining to those obligations
- Paying LAWA in years when the Cost-Per-Enplaned-Passenger (CPE) to airlines operating at LA/ONT is \$5.00 or less, up to one-third of annual LA/ONT PFC collections up to a cumulative amount equal to the amount of LAX PFC collections contributed to capital projects at LA/ONT (estimated by Ontario to be \$125 million)
- Entering into an Employee Protection and Transition Services Agreement to protect existing LAWA employees, including their pension and retirement benefits and obligations, for a minimum period
- Refraining from imposing any operating restrictions, caps, curfews, aircraft type bans on, and any other barriers to, future growth at the Airport
- Maintaining all current operating covenants for the Airport, as well as terminating or revising the original 1967 JPA

City of Ontario's Proposed "Transaction Payment"

The \$50 million Transaction Payment to the City of Los Angeles' General Fund is meant by Ontario to be a reimbursement of the City's costs for transferring the Airport; however, based on my conversation with the FAA, such a payment appears to be viewed by the FAA as a potential revenue diversion under federal aviation law.

The FAA regulations define airport revenue as any revenue that the sponsor (owner) derives from the use or sale of airport property. As a consequence of the FAA's definition of airport revenue, and upon a review of the proposed Transaction Payment, our City Attorney is of the opinion that payment to the City's General Fund would likely violate the FAA revenue use diversion rules and conflict with the City Charter. Thus, given the likelihood that the proposed Transaction Payment would be viewed by the FAA as an unlawful diversion of airport revenue—unless paid directly to LAWA, we do not recommend that the City of Ontario's proposed Transaction Payment to the City of Los Angeles' General Fund be considered.

LA/ONTARIO INTERNATIONAL AIRPORT OWNERSHIP/MANAGEMENT OPTIONS

While we do not recommend accepting the offer made by Ontario, we did explore and analyze other alternatives for improved management and operation of the Airport. We considered four such alternatives.

Subcommittee on Aviation
 Testimony of Miguel Santana

Alternative 1: No Transfer or Acquisition by Another Entity

The status quo continues with LAWA retaining ownership and management of the Airport. While this option would continue LAWA's ownership, management, and operation of the Airport, improvements to the current operations could be made including: (a) continuing the cost cutting measures for maintenance and operations; (b) making optimal use of the terminals by shifting certain airlines' exclusive use premises to reduce space utilization; (c) automating the parking operations; (d) examining both parking lot shuttle bus operations and the in-line baggage handling and screening maintenance for efficiencies; (e) emphasizing direct marketing to both the airline industry and potential passengers; and (f) and other cost saving or revenue proposals.

Alternative 2: Transfer of LA/Ontario International Airport to the City of Ontario

This option is similar to the City of Ontario's December 2011 proposal to the City, except that the transfer would be to Ontario and the recently established Ontario International Airport Authority (OIAA). Here again, provisions would have to be made for defeasing LAWA's bond indebtedness, repaying LAWA for approximately \$128 million in LAX PFCs, protecting the current LAWA employees servicing the Airport and the City of Ontario and/or the OIAA obtaining an Airport Operating Certificate from the FAA.

Alternative 3: Alternative Management Model or Privatization

The sale or lease of the Airport, or part of its operations, to a private firm using the FAA's Privatization Pilot Program is possible. A Regional Airport Authority could also be used or developed that could partner with the private sector using a third-party management contract to manage Airport operations. Any airport privatization option would include: (1) executing a long-term lease with a private operator/lessee with the possibility of up-front payments to LAWA; (2) ongoing lease payments to LAWA; (3) the need to defease all outstanding Airport-related debt and existing financial obligations; and (4) the need to revise the Airport Use and Lease Agreement with the resident airlines.

Alternative 4: Acquisition of LA/Ontario International Airport by the City of Ontario, the Ontario International Airport Authority, or a Separate Party.

Acquisition of a commercial airport by another municipal agency is allowable under FAA regulations providing that FAA approval is obtained and the proceeds go to LAWA as airport revenue used to benefit the City's airport system.

This alternative would provide for the new owner to (1) obtain an FAA Airport Operating Certificate; (2) compensate LAWA financially for the value of the airport, as well as the costs for transition to a new owner; (3) defease all outstanding Airport debt and assume existing financial obligations; (4) execute an employee protection agreement for a

Subcommittee on Aviation
 Testimony of Miguel Santana

minimum period; (5) agree to refrain from imposing operating restrictions, caps, curfews, bans on aircraft types, or any barriers to growth; (6) dispose of any fund balances held by the Airport; (7) assume responsibility for outstanding grant assurances; and (8) assume responsibility for the airline Use and Lease Agreement (which would also require the consent of the airlines).

Over the years, LAWA has invested over \$560 million in Airport improvements paid from FAA grants, PFCs collected from passengers at LAX, issuance of Airport Revenue Bonds, PFCs collected from passengers at the Airport and other Airport revenue. Many of the above considerations were acknowledged and agreed to by the City of Ontario in its December 2011 conceptual proposal.

As part of any acquisition of the Airport, consideration must be given to the \$70.6 million bond defeasance, \$128 million repayment of the LAX PFCs and the costs of any City employee protection and compensation program arising from a transaction. In addition, consideration should be given to the Airport's land value and the potential for future growth. LAWA's own consultant provided an valuation that included a range with the upper end of the range at over several hundred million dollars. The final value will be determined through negotiations between the parties but should not be less than the fair and reasonable recovery of LAWA's investment.

THE PATH FORWARD

My office recommends that the City of Los Angeles and LAWA explore a potential acquisition (Alternative 4) by the City of Ontario and/or the Ontario International Airport Authority of the Airport, subject to the required FAA approvals. My office recommends that the City should bring together the City of Ontario, County of San Bernardino, Ontario International Airport Authority (OIAA), and other primary stakeholders to discuss common goals in an effort to increase economic activity across the region. All participants could potentially achieve their goals and objectives by consummating a transaction with the City of Ontario and/or the OIAA, and by providing certain financial and operational benefits to LAWA to enhance needed capital infrastructure at LAX.

The City Council's Trade, Commerce and Tourism Committee heard our Ontario Airport report on Tuesday, September 25, 2012. At the time of drafting this testimony, we expected the Committee to approve our recommendations and send the report to the full Council for adoption. As part of this process, my office proposed that the Board of Airport Commissioners adopt several principles to assist with analyzing and pursuing alternative Airport management and governance structures including:

- To the greatest extent possible, avoid or mitigate any disruption of service at the Airport
- The Airport must continue to be operated as a commercial airport
- The Airport shall be operated in the most efficient manner possible

Subcommittee on Aviation
Testimony of Miguel Santana

- The City and LAWA should receive reasonable compensation in respect to its investment in LA/ONT
- All existing employees shall be treated fairly in accordance with the existing labor contracts
- The City's existing and future General Fund base must be fully protected

It is the City of Los Angeles' goal to maximize the inherent value and facilitate the success of the Airport to benefit the region by considering a different model for the management and operation of the Airport. Depending upon the decision to implement an alternative management structure, any new ownership, governance, or management structure will need to develop a transition plan, timetable, and the concurrence of all interested parties.

Thank you for the opportunity to address your Subcommittee on Aviation.

Testimony before the

SUBCOMMITTEE ON AVIATION
OF THE U.S. HOUSE COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

Regarding
“Economic Impact and Future Management of Ontario International Airport”
September 27, 2012

Ronald O. Loveridge
Mayor, City of Riverside, California
and
Board Member
Ontario International Airport Authority

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Testimony of Ronald O. Loveridge
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Testimony of Ronald O. Loveridge, Mayor of the City of Riverside, California, and Board
Member, Ontario International Airport Authority
Before the Subcommittee on Aviation
Of the U.S. House Committee on Transportation and Infrastructure
Regarding
“Economic Impact and Future Management of Ontario International Airport”
at Ontario, California
September 27, 2012

Good afternoon members of the Aviation Subcommittee. My name is Ronald O. Loveridge. I am the Mayor of the City of Riverside and a Board Member of the Ontario International Airport Authority. Thank you for the opportunity to speak in support of transferring Ontario International Airport from the Los Angeles World Airports to the new Ontario International Airport Authority.

Ontario International Airport is a regional asset serving a large population covering four counties. It only makes sense that it be governed by an airport authority with region-wide representation and participation. I represent the interests of the tens of thousands of air travelers and the 2.2 million residents in Riverside County who have a vested interest in the success of Ontario International and the contribution it makes to our regional economy.

I am excited and honored to join the other Ontario International Airport Authority Board Members to work through the transfer of airport sponsorship from the City of Los Angeles. We are united in our commitment to the return of Ontario International Airport as a successful and integral part of the Southern California airport system.

In my 33 years of public service as a City of Riverside Council Member beginning in 1979 and Mayor since 1994, I have never seen western Riverside County come together to support a cause as it has on this transfer issue.

Overall, more than 125 local governments, public agencies, business and civic organizations, and elected officials have joined together to urge the transfer of Ontario International Airport from the City of Los Angeles to a new multi-jurisdictional agency dedicated to the airport's success.

Every city except one in western Riverside County (total of 13) have joined the City of Riverside in supporting the Set ONTario Free campaign. Likewise, the Riverside County Board of Supervisors, Inland Empire Economic Partnership, Monday Morning and Inland Action, and Greater Riverside Chamber of Commerce have adopted and/or approved the same call. In addition, 46 cities in Los Angeles County, San Bernardino County and Orange County have taken formal action to join the coalition.

Testimony of Ronald O. Loveridge
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The overwhelming consensus is that Ontario International Airport will be managed, more efficiently and more effectively, through the governance structure created by the Ontario International Airport Authority. The dramatic, and continuing, loss of passengers explains and underscores why the City of Los Angeles should not control Ontario International Airport.

The editorial boards of most major newspapers in Los Angeles County, San Bernardino County and Riverside County considered the issue and have strongly supported transfer of Ontario International Airport to local control. SCAG, Southern California Association of Governments, has also taken this position.

After the Riverside City Council unanimously approved a resolution in support of the transfer of Ontario International Airport, I wrote a letter to the City of Los Angeles Mayor Antonio Villaraigosa. I noted that our region had shared the pain of the recession with other cities across California and the nation, including the City of Los Angeles. I added that the economic difficulties in the inland region were compounded by the dramatic decrease in air service and passenger traffic at Ontario International Airport. These levels have not been seen since the 1980s!

I look to Mayor Villaraigosa to do the right thing for all of Southern California, by transferring Ontario International Airport to the Ontario International Airport Authority. This way, all of Southern California, including the City of Los Angeles, will have sufficient, sensibly priced, airport capacity well into the future.

In a LA Times article (August 20, 2012), Mayor Villaraigosa is quoted as saying, "This comprehensive report underscores the irrefutable importance of commercial aviation activity at LAX, and indeed throughout the Southern California region, on our economic well-being. From passenger spending to the enhancement of national and international trade, LAX and our region's other airports are uniquely where the action is." It is time for the action to also include the Ontario International Airport.

The City of Riverside and virtually all of Riverside County feel strongly that Ontario International Airport needs the full focus and the attention of an airport authority with a vested interest in the airport. The economic loss to our region during this period of drastic air service reductions is estimated at \$500 million annually and a loss of more than 9,200 jobs.

It only makes sense that returning Ontario International Airport to local control will put the airport in the hands of people who are ready to take responsibility, be accountable and assume the risk for our region's most vital economic engine.

With the Ontario International Airport Authority as the sponsor, Ontario International Airport will be on equal footing with other airports in Southern California, making it a competitive partner in the airport regionalization effort.

Testimony of Ronald O. Loveridge

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As the Riverside Press Enterprise indicated in a recent editorial, local control will eliminate the conflict of interest inherent with the City of Los Angeles controlling a competing airport, in another jurisdiction, at a time when LAX is rebuilding its own passenger traffic and renewing its infrastructure.

In December, I will be stepping down as Mayor of the City of Riverside. That does not mean I intend to retire from public service. Indeed, one of the things I am most looking forward to is serving as a Board Member of the Ontario International Airport Authority. I will dedicate my best efforts to ensuring that Ontario International Airport makes its expected, and important, contribution to the regional economy and to providing millions of Southern Californians with a convenient airport to meet their travel needs.

Thank you.

#

Testimony before the

**SUBCOMMITTEE ON AVIATION
OF THE U.S. HOUSE COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE**

Regarding

“Economic Impact and Future Management of Ontario International Airport”

September 27, 2012

Lucy Dunn

President and Chief Executive Officer
Orange County Business Council

and

Board Member
Ontario International Airport Authority

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Testimony of Lucy Dunn
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Testimony of Lucy Dunn, President and Chief Executive Officer of the Orange County Business
Council and Board Member, Ontario International Airport Authority
Before the Subcommittee on Aviation
Of the U.S. House Committee on Transportation and Infrastructure
Regarding
“Economic Impact and Future Management of Ontario International Airport”
at Ontario, California
September 27, 2012

Good afternoon Members of the Subcommittee. My name is Lucy Dunn. I am President and Chief Executive Officer of Orange County Business Council, and a Board Member of the Ontario International Airport Authority.

Orange County Business Council is a leading advocate for business on important issues locally, regionally and nationally. We work to grow Orange County's economy, to preserve a high quality of life by promoting economic development countywide, and serve as a unified voice for business in America's sixth largest county.

To understand why the Orange County business community is vitally interested in the future success of Ontario International Airport, one would only need to drive from anywhere in Orange County to LAX.

Those of us in Orange County recognize that our hometown airport, John Wayne Airport, is constrained. Until 2015, the number of passengers is legally capped at 10.8 million per year. Even if the cap was to be relaxed or lifted, there is an absolute limit to how much of the growth and demand for air service it can accommodate. In addition, due to its physical footprint, John Wayne Airport is limited by its single runway for commercial jets.

For a time, it seemed El Toro Marine Naval Air Station, in Irvine, might be converted to an international airport. However, airport proposals were defeated in two ballot initiatives, and eventually the airport opponents prevailed. Ontario International Airport quickly emerged as the best long-term solution for unconstrained airport capacity in Southern California to serve the large and growing Southern California market.

If you've had the good fortune to fly in or out of Ontario International Airport, you know it is a convenient airport with great ground access, great parking, and modern terminals and facilities. Forbes named it "Southern California's Best Alternate Airport." Ontario International Airport

Testimony of Lucy Dunn
Page 3

offers parallel runways that can accommodate the largest airliners in the world, including the Airbus A-380. Ontario International Airport can easily accommodate 12 million annual passengers. For residents in northern Orange County, Ontario International Airport is a wonderful choice because it offers the air service and nonstop destinations business travelers demand, and is close to home.

Ontario International Airport is ideally and uniquely situated to serve the needs of business and leisure travelers in the four-county region. Additionally, and very important to the business community, Ontario handles a significant amount of the region's cargo volume. I am convinced under the governance of the Ontario International Airport Authority it will realize its full potential, not only as a major international airport, but also as a vital economic engine for the region.

I am pleased and honored to serve as a Board Member of the Ontario International Airport Authority. I look forward to working with my fellow Board Members to help Ontario International Airport achieve success as an integral part of the Southern California network of airports.

Thank you.

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Lucy Dunn
Orange County Business Council
President and CEO

Lucy Dunn is President and CEO of Orange County Business Council, where she leads a dynamic organization of business members, working with academia and government, to ensure the county's economic prosperity and high quality of life.

Before joining the Business Council, Lucy was appointed by Governor Arnold Schwarzenegger and confirmed by the California State Senate in 2004 to serve as Director of the California Department of Housing and Community Development. In June 2008, Governor Schwarzenegger appointed her to the California Transportation Commission and in 2012, Governor Jerry Brown appointed her to serve a second four year term. She also served as a member of the Green Building Code Advisory Committee of the California Building and Standards Commission developing the nation's first green building standards. She is a member of Orange County's working group to develop the county's 10 Year Plan to End Homelessness, and serves as a member to a small business advisory committee for AQMD.

Lucy twice received the California State Legislature "Woman of the Year" in 1997 and in 2009 for her civic involvement and influence. In 2001, she served as the first woman president in the 80-year history of the Building Industry Association of Southern California. She serves on the boards of numerous organizations including Southern California Association of Governments' GLUE Council, Mobility 21, Association of California Cities—OC, Orange County Taxpayers Association and Pacific Symphony. She is a co-founder of the state-wide Real Economic Association Leadership Coalition, an association of CEO's of the state's 19 largest business advocacy groups.

She is the recipient of numerous honors and awards. In 2005, she received California Building Industry Association's D. Gregg Brown Award for "passionate and effective advocacy on behalf of housing." The Orange County Business Journal honored her with its 2006 "Women in Business" award, and in 2007, she received the prestigious "Vision and Visionaries" Award from her alma mater, California State University, Fullerton. In 2008, she received the Women in Transportation Seminar-OC Chapter "Woman of the Year" award for advancing women in transportation and for leadership in renewal of Orange County's Measure M for transportation. She has been twice named as one of OC Metro's "20 Women to Watch." In 2011, she received SCAG's Private Sector Partner of the year, and as "Person of the Year" by the California Transportation Foundation in 2012.

Lucy is an attorney admitted to practice before the California State Bar, the federal bar and the U.S. Supreme Court. She is a director of a number of non-profit organizations including the Lennar Charitable Housing Foundation dedicated to ending homelessness, and founder of the Bolsa Chica Conservancy dedicated to advocating for and restoring 1000 acres of wetlands in Huntington Beach. She also performs with two professional chamber choral ensembles: Meritage and Meistersingers.

She is the mother of two adult sons who reside in San Francisco, one of whom is a San Francisco Deputy Sheriff and the other an account manager for a major online marketing firm.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:
Lucetta (Lucy) Dunn

(2) Other than yourself, name of entity you are representing:
Orange County Business Council and Ontario Joint Powers Authority

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES xx If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

None.



9-24-12

Signature

Date

September 27, 2012

Honorable Thomas Petri
Chairman
U.S. House Subcommittee on Aviation
2165 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Petri:

My name is Dennis P. Zine and I have been honored to have served as a Los Angeles City Councilman representing the 3rd Council District (San Fernando Valley) for the past 11+ years.

Prior to my service on the Los Angeles City Council, I worked for 33 years as a proud member of the Los Angeles Police Department. I am a lifelong Angeleno and consider myself to be intimately familiar with the people and communities and I have seen the enormous changes, not only in the City, but throughout the region over the past several decades.

In addition to my service on the Los Angeles City Council, I have served on the Board of Directors for the Southern California Association of Governments (SCAG), the San Fernando Valley Council of Governments (SFV-COG), the Independent Cities Association (ICA), the National League of Cities, and other local, state, and federal decision-making bodies.

As an elected official in the City of Los Angeles, you quickly realize that the decisions made throughout the entire region have a direct impact on the quality of life for residents in the City of Los Angeles.

Mr. Chairman, you and the honorable members of the House Subcommittee on Aviation already know the history of Ontario International Airport in addition to the

current governance structure, so I won't take your time to rehash that information.

My message to you today is to offer you my insight as a member of the Los Angeles City Council and my firsthand experiences and observations of the current situation at Ontario Airport.

The Greater Los Angeles area is reliant upon a system of commercial airports for travel to and from the region. These airports include Los Angeles International Airport, Burbank Airport, Long Beach Airport, John Wayne/Orange County Airport, and of course Ontario International Airport.

In order to provide the best service possible to all of the residents of our region and to the traveling public, it is essential that all five of these Airports provide quality service, competitive prices, and ample availability of flights to and from the region.

Unfortunately, this has not been the case.

Since 2007, the total number of annual passengers at Ontario Airport has declined by 37%.

This decline has driven more and more passengers to other airports, most notably Los Angeles International, and led to increased congestion on our roads and an absolute lack of productivity for travelers who sometimes have to drive for hours on Southern California freeways just to take a simple flight to Northern California. This should not be the case.

Last year, I made an unannounced personal visit to Ontario Airport so that I could see things firsthand. What I saw was disappointing.

I saw a beautiful, modern airport with a complete terminal closed due to lack of flights. I saw approximately half of all of the concession stands closed down and out of business – including a popular name brand coffee shop – shortly after noon on a Tuesday.

During my visit, I also made an unannounced stop at the Los Angeles World Airports (LAWA) executive offices at Ontario Airport to speak with the onsite manager. I was shocked to learn that the onsite manager was not in fact onsite and that there, at the time at least, was actually a system of shared management where two individuals served as general managers for both Ontario Airport and Van Nuys Airport on a rotating basis.

I am a strong believer in local control and the consumer benefits of regional competition. Local officials and stakeholders have a greater incentive to promote and operate Ontario Airport with maximum efficiency. As Ontario Airport grows,

the local economy grows and traffic is relieved on Southern California roads and highways. It is astonishing to me and completely counterintuitive that as the population in the Inland Empire region has continued to grow, the service and availability of flights at Ontario Airport has continued to decline.

I prepared my written remarks on Friday, September 21. As I prepared my remarks I decided to go online to Southwest Airlines to search for flights to Sacramento on Monday, September 24 from both Los Angeles International and Ontario Airports. I chose the destination (Sacramento) and dates completely at random.

Southwest Airlines offered "Wanna Get Away" rates of \$141 for 8 different departing flights from LAX to Sacramento on Monday, September 24 and 8 different return flights also with rates of \$141 from Sacramento to LAX the following day, September 25.

However, Southwest Airlines offered no flights at the "Wanna Get Away" rates to or from Ontario to Sacramento for these same dates.

At the next two fare levels, the "Anytime" and "Business Select" rates, Southwest Airlines rates are \$9.00 higher from Ontario at the "Anytime" level and the "Business Select" level across the board when compared to LAX.

The bottom line is that a traveler from the Inland Empire can travel roundtrip from LAX to Sacramento for \$136 cheaper than they can from Ontario on the same days, from the same airline. This naturally creates a tremendous incentive for these passengers to needlessly add to the congestion on our freeways for a one hour flight that they should be able to take right in their own backyard.

I realize that private airlines set the rates for their flights and local airports only have a certain amount of influence over these rates and flight schedules. My point, however, remains valid that the current situation is simply not working.

I have attached a copy of both of the online pricing charts that I obtained from southwest.com for these flight comparisons.

Any deal involving the transferring of Ontario Airport back to local control must ensure that the City of Los Angeles and Los Angeles World Airports not be held liable for any and all bond indebtedness related to the Airport. If we can come to an agreement that does not harm our City or LAVA and includes fair compensation for the actual value of the Airport, then my message to you is simple and straightforward. I join the Los Angeles Times, the Southern California Association of Governments, community groups throughout the City of Los Angeles, and many others in saying loud and clear that it is time to Set Ontario Free.

In conclusion, I want to thank you Mr. Chairman and the members of the committee for taking the time to carefully consider this matter. A vibrant Ontario Airport is critical not just for residents of Ontario and the Inland Empire – but for the entire region including the City of Los Angeles. I believe that local control of Ontario Airport, made under the right circumstances that does not harm the City of Los Angeles or the Los Angeles World Airports, is an important first step in re-establishing this Airport as an economic engine in the Inland Empire and provide positive benefits to our entire region.

Thank you once again for your time.

Sincerely,

DENNIS P. ZINE
Los Angeles City Councilman, Third District



Select Departing Flight:
Ontario/LA, CA to Sacramento, CA

Modify Search

☐ Round Trip ☐ One-Way

Additional Search Options

From:

To:

Ontario, CA - ONT

Sec

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WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	

All fares are rounded up to the nearest dollar.

Depart	Arrive	Flight # (1,000's)	Routing	Travel Time (hours)	Business Select \$225	Anytime \$209	Wanna Get Away
600 AM	720 AM	483	Nonstop	1:20	Ⓢ \$225	Ⓢ \$209	
750 AM	910 AM	837	Nonstop	1:20	Ⓢ \$225	Ⓢ \$209	
1000 AM	1115 AM	385	Nonstop	1:15	Ⓢ \$225	Ⓢ \$209	
1200 PM	145 PM	444	Nonstop	1:15	Ⓢ \$225	Ⓢ \$209	
415 PM	500 PM	1562	Nonstop	1:15	Ⓢ \$225	Ⓢ \$209	
820 PM	735 PM	690	Nonstop	1:15	Ⓢ \$225	Ⓢ \$209	
840 PM	955 PM	043	Nonstop	1:15	Ⓢ \$225	Ⓢ \$209	

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THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	

All fares are rounded up to the nearest dollar.

Depart	Arrive	Flight # (1-800-8)	Routing	Travel Time (HH:MM)	Business Select \$225	Anytime \$209	Wanna Get Away
645 AM	800 AM	806	Nonstop	1:15	Ⓢ \$225	Ⓢ \$209	
850 AM	1005 AM	497	Nonstop	1:15	Ⓢ \$225	Ⓢ \$209	
1145 AM	100 PM	258	Nonstop	1:15	Ⓢ \$225	Ⓢ \$209	
225 PM	340 PM	1473	Nonstop	1:15	Ⓢ \$225	Ⓢ \$209	
620 PM	735 PM	850	Nonstop	1:15	Sold Out	Ⓢ \$209	
750 PM	905 PM	1919	Nonstop	1:15	Ⓢ \$225	Ⓢ \$209	

930 PM	1045 PM	657	Nonstop	1:15	1225	1209
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Price selected flight(s)

Continue

Important Fare & Schedule Information

All fares and fare ranges are subject to change until purchased.

Flight on-time performance statistics can be viewed by clicking on the individual flight numbers.

All fares and fare ranges listed are per person for each way of travel.

"Unavailable" indicates the corresponding fare is unavailable for the selected travel date(s). The search did not meet certain fare

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These statistics may become void updates if you decide with a different carrier or flight date change for a one way flight between. "Travel Time" represents the total elapsed time for your trip from your departure city to your final destination including stops, layovers, and time zone changes.

For infant, child (2-11), group (10+), and military fares please call 1-800-1-FLY-SWA (1-800-435-9792). These fares are a discount off the "Anytime" fares. Other fares may be lower.

**Save \$250 with Flight + Hotel claim is based on 2011 available data for average savings on Jackpot bookings purchased in a bundled package vs purchasing components separately (i.e. a la carte). Savings on any given package will vary based on the selected origin, destination, travel dates, hotel property, length of stay, car rental, and activity tickets. Savings may not be available on all packages.



Select Departing Flight:
Los Angeles, CA to Sacramento, CA

[Modify Search](#)
☒ Round Trip
 ☐ One-Way
 [Additional Search Options](#)

From:
 To:
[Add another flight](#)

First 2 Bags Fly Free®, Weight, size & excess limits apply. | Gov't taxes & fees now included

SEP	SEP	SEP	SEP	SEP	SEP	SEP	SEP	SEP	SEP	SEP	Try our Low Fare Calendar
19	20	21	22	23	24	25	26	27	28	29	Quickly find our lowest fares
WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	

All fares are rounded up to the nearest dollar.

Depart	Arrive	Flight # (Plane)	Routing	Travel Time (Hours)	Business Select \$216	Anytime \$200	Wanna Get Away \$141
625 AM	7:40 AM	3139	Nonstop	1:15	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
8:50 AM	10:10 AM	115	Nonstop	1:20	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
11:40 AM	12:55 PM	2883	Nonstop	1:15	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
2:35 PM	3:50 PM	488	Nonstop	1:15	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
5:00 PM	6:15 PM	3568	Nonstop	1:15	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
7:15 PM	8:30 PM	393	Nonstop	1:15	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
8:50 PM	9:45 PM	2945	Nonstop	1:15	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
9:40 PM	10:55 PM	3854	Nonstop	1:15	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141

Select Returning Flight:
Sacramento, CA to Los Angeles, CA

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SEP	SEP	SEP	SEP	SEP	SEP	SEP	SEP	SEP	SEP	Try our Low Fare Calendar
20	21	22	23	24	25	26	27	28	29	30
THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN

Quickly find our lowest fares

All fares are rounded up to the nearest dollar.

Depart	Arrive	Flight # (% on-time)	Routing	Travel Time (minutes)	Business Select \$216	Anytime \$200	Wanna Get Away \$141
6:35 AM	8:00 AM	3343	Nonstop	1:25	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
7:05 AM	8:30 AM	3699	Nonstop	1:25	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
9:05 AM	10:25 AM	1118	Nonstop	1:20	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
11:05 AM	12:55 PM	1031	Nonstop	1:20	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141
2:00 PM	3:50 PM	480	Nonstop	1:20	Ⓢ \$216	Ⓢ \$200	Ⓢ \$141

5:30 PM	8:30 PM	637	Nonstop	1:20	\$216	\$200	\$141
7:30 PM	8:50 PM	248	Nonstop	1:20	\$216	\$200	\$141
9:55 PM	11:15 PM	780	Nonstop	1:20	\$216	\$200	\$141

Price selected flight(s)

Continue

Important Fare & Schedule Information

All fares and fare ranges are subject to change until purchased.

Flight ontime performance statistics can be viewed by clicking on the individual flight numbers.

All fares and fare ranges listed are per person for each way of travel.

"Unavailable" indicates the corresponding fare is unavailable for the selected travel date(s), the search did not meet certain fare requirements, or the flight has already departed.

"Sold Out" indicates that flight is sold out for the corresponding fare type.

"Invalid w / Depart or Return Dates" indicates that our system cannot return a valid itinerary option(s) with the search criteria submitted. This can occur when flights are sold out in one direction of a roundtrip search or with a same-day roundtrip search. These itineraries may become valid options if you search with a different depart or return date and/or for a one way flight instead.

"Travel Time" represents the total elapsed time for your trip from your departure city to your final destination including stops, layovers, and time zone changes.

For infant, child (2-11), group (10+), and military fares please call 1-800-1-FLY-SWA (1-800-435-9792). These fares are a discount off the "Anytime" fares. Other fares may be lower.

**Save \$250 with Flight + Hotel claim is based on 2011 available data for average savings on Jackpot bookings purchased in a bundled package vs purchasing components separately (i.e. a la carte). Savings on any given package will vary based on the selected origin, destination, travel dates, hotel property, length of stay, car rental, and activity tickets. Savings may not be available on all packages.

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Testimony Of Dr. John Husing

My name is Dr. John Husing. I am a private economist who has studied the economy of San Bernardino and Riverside counties, which we call the Inland Empire, since September 1964, a total of 48 years. I am also the Chief Economist of the Inland Empire Economic Council, an organization dedicated to increasing the prosperity of this region.

At the request of the City of Ontario, I have taken a hard look at contentions about the causes of the decline in passenger traffic and Ontario International Airport (*ONT*). In addition, I have estimated the economic impact of that decline on the Inland Empire. First, let me characterize the area. In January 2012, the region had 4.29 million people, a number 400,000 larger than Oregon and above 24 of the 50 states. The region had 1.3 million jobs going into the recession and 1.16 million today. A market of this size needs a strong airport. The economy is now in recovery mode having added an average of 24,400 jobs compared to 2011, all of them in the private sector.

At its current pace, *ONT* will see a -41.2% decline in air passenger traffic from 2007-2012. In that time, the Southern California air service market is down just 6.8%. The steep reduction at *ONT* has cut its market share from 8.0% in 2007 to 5.4% in 2011.

The -41.2% decline means that 2012 will see 4.24 million air passengers at *ONT* or essentially the same level as in 1985 when Los Angeles acquired the airport. Yet since that time, the Inland Empire has added 2.3 million people to reach 4.29, a gain of 120%. Also since 1986, the inland counties have added 585,017 local jobs to reach 1.16 million, a gain of 102% despite the recession. From 1986-2010, the number of Inland Empire firms has gone from 38,779 to 65,024, a gain of 26,245 or 67.7% despite the downturn.

These facts do not support the notion that the performance of the Inland Empire economy is the primary cause of the woeful air passenger traffic levels at *ONT*. Other factors within the control of the airport operator have played a greater role.

Beyond the low passenger levels, the fact the Inland Empire's air passengers must often have to travel to LAX for decent air service is putting the region's economy at a severe competitive disadvantage. An estimated 1.1 million air passengers are now having to traverse Southern California to LAX. That creates a costly burden on families and businesses, not to mention the impact of adding millions of vehicle miles traveled on to LA area freeways. Using very conservative assumption, I have estimated the combination of ground transportation costs, parking costs and time lost in commuting to and from LAX impose an annual extra cost burden of \$48,300,311 a year on the Inland Empire's economy.

ONT is one of most expensive airport for airlines to use. This has imposed another cost burden on the Inland Empire's economy as airlines increased their prices to compensate. To estimate how much, data on flight costs from ONT and LAX were collected using the 38 destinations that constituted 75.7% of ONT's market (*1,347,861 round trips of 1,780,655*). The base for this analysis was the Airline Origin and Destination Survey compiled by Office of Airline Information of the U.S. Bureau of Transportation Statistics. Ticket prices for one adult, flying coach, round trip, on an any time ticket in 2012 showed that flights cost average 18.1% higher at ONT to these destinations compared with LAX. That imposes another \$128 million drain on the Inland Empire's air passengers and its economy.

For businesses, perhaps the most deleterious impact of ONT's mismanagement has been the loss of non-stop flights to major U.S. markets and the extra time it now takes to travel. To estimate the lost time, the flight time to ONT's 38 major destinations was estimated and compared to the time from LAX. The longer time from ONT was due to the lack of availability of non-stop flights that exist at LAX. In comparing the time loss, it was only assumed that more expensive direct flights would have been used, if they were available at ONT, if they involved a significant time savings for travelers. The range of direct flight usage was put at 7.5% to 16% of potential passengers. Using this technique, the hours lost time to inland travelers who would have opted for non-stop flights, were they available, was estimated at 419,187 hours. As it would primarily be business travelers opting for these more expensive flights, an hourly rate based upon annual salary of \$70,000 was assumed even though the area's average income for better paid workers is \$86,806. The result was a cost of lost time of \$17.5 million for inland air passengers and the local economy.

In sum, the cost to Inland Empire air passengers and the costs to its economy is \$198.3 million a year. This is a very conservative estimate as it does not include the cost to local hotels of the loss of conventions and tourism customers. For business leaders, it also does not include the time loss of being forced to use a limited flight schedule and then sitting around for hours before and after meetings. Importantly, it does not include the multiplier impact of pulling dollars out of the region's economy. When those considerations are included, the actual cost to the region would be in the \$500 million range.

For what would be America's 26 largest state, it only makes sense to have it controlled by a local multi-jurisdictional airport authority such as been created in the Ontario International Airport Authority.

Thank you.

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JOHN HUSING, Ph.D.



Dr John Husing is a research economist who has specialized in the study of Southern California's growing economy since 1964. His M.A. and Ph.D. are from Claremont Graduate University. For decades, he has produced city and county specific economic development strategies for Southern California's local governments. He is also a leading authority on the impact of the goods movement industry on the region, and in particular its role as a provider of upward economic mobility to blue collar workers. He served as the economist reviewing and recommending strategies for the Clean Truck Program at the ports of Los Angeles and Long Beach. With his significant understand-

ing of San Bernardino and Riverside counties, he assists the Inland Empire Economic Partnership as its Chief Economist. In 2006, the Los Angeles Times Magazine listed Dr. Husing as one of the 100 most powerful people shaping life in Southern California.

Dr. Husing's extensive study of the region has led to economic strategies that combine a database of statistics with extensive interviews with executives and entrepreneurs to understand the forces shaping Southern California. His firm, Economics & Politics, Inc., based in Redlands, has produced project specific economic impact studies for transportation and water agencies, housing developers and environmental entities. Today, his prolific knowledge of the region and his lifetime of experiences has him briefing business leaders and policy makers throughout California on the economic trends and issues relating to budgets, state initiatives and public policy. His eclectic career has remarkably included managing a Nevada casino, running for Congress in his twenties, teaching college and running the world's largest whitewater rafting company.

Dr. Husing enjoys a less studious life as an adventurer, taking treks into uncharted territories as well as traveling to 56 different countries. He has twice entered the unexplored jungles of New Guinea to make first contact with previously undiscovered stone-aged tribes. Dr. Husing has traveled throughout most of Africa and his last adventure trip took him over the Himalayas from Nepal into Tibet. A fourth generation Californian, he is an amateur genealogist having traced his American heritage back 12 generations to Edward Fuller on the Mayflower.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:
John E. Husing, Ph.D.

(2) Other than yourself, name of entity you are representing:

Inland Empire Economic Partnership, City of Ontario

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity? YES

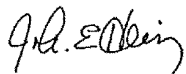
YES

If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

NONE



Signature

September 22, 2012

Date